This is a preliminary prospectus relating to these securities, a copy of which has been filed with the Alberta, Saskatchewan, Manitoba and Ontario Securities
has not yet become final for the purpose of a distribution to the public. Information contained herein is subject to completion or amendment. Thes
sold nor may offers to buy be accepted in any of such provinces prior to the time a receipt is obtained for the final prospectus from the Securities Commission of such province.

Preliminary Prospectus Dated March 20, 1973 Nº 667

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

New Issue

BH
BLACKWOOD HODGE

new file please

BLACKWOOD HODGE (CANADA) LIMITED

● Class A Convertible Common Shares

(without par value)

The ● Class A Convertible Common Shares without par value ("Class A Shares") offered by this prospectus are unissued shares being acquired by the Underwriters from the Company and are to be sold to the public. There is at present no market for the Class A Shares and the price has been determined by negotiation between the Company and the Underwriters.

Each Class A Share is convertible, at the option of the holder, into one Class B Convertible Common Share without par value ("Class B Share") and each Class B Share is convertible, at the option of the holder, into one Class A Share. Reference is made to "Description of Shares".

Applications will be made to list the Class A Shares and the Class B Shares on two of the leading Canadian stock exchanges. Acceptance of the applications will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

Price: $ ● per share

In the opinion of counsel, the Class A Shares and the Class B Shares will be investments in which the Canadian and British Insurance Companies Act (Canada) states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act and will also be investments in which Schedule C to the Regulations under the Pension Benefits Standards Act (Canada) states that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule.

We, as principals, conditionally offer these Class A Shares, subject to prior sale, if, as and when issued by the Company and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to the approval of all legal matters on behalf of the Company by Messrs. Smith, Lyons, Torrance, Stevenson & Mayer, Toronto, and on our behalf by Messrs. McCarthy & McCarthy, Toronto.

	Price to Public	Underwriting Discount	Proceeds to Company*
Per Share	$●	$●	$●
Total	$●	$●	$●

*Before deducting expenses of issue, estimated at $ ●

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates in definitive form will be available for delivery on or about May ●, 1973.

TABLE OF CONTENTS

THE COMPANY

Blackwood Hodge (Canada) Limited (the "Company") was incorporated under the laws of Canada by letters patent dated April 30, 1953. The Company has been granted various supplementary letters patent altering its share capital, all of which are described under "Description of Shares". By supplementary letters patent dated March •, 1973, among other things, the Company's name was changed to its present form and the Company was converted into a public company.

The Company's head office and principal office is located at 10 Suntract Road, Weston, Ontario.

BLACKWOOD HODGE LIMITED

The Company is an important part of the international operations of Blackwood Hodge Limited ("Blackwood Hodge U.K."), a corporation which has its headquarters in the United Kingdom and is the world's largest organization specializing in the sale and servicing of earthmoving and construction equipment. Directly and through subsidiaries, Blackwood Hodge U.K. carries on operations in the United Kingdom, Europe, Asia, Africa, Australia and North America through a network of over 100 branches and servicing centres in more than 25 countries.

For the year ended December 31, 1971, consolidated sales of Blackwood Hodge U.K. amounted to approximately $197 million. At that date consolidated total assets were approximately $154 million and consolidated net assets were approximately $50 million.

The Company is presently a wholly-owned subsidiary of Blackwood Hodge Overseas Holdings Limited, which is a wholly-owned subsidiary of Blackwood Hodge U.K. Pursuant to this prospectus, 25% of the Company's shares will be offered to the Canadian public.

One of the primary reasons for offering shares in the Company to Canadian investors is to provide the Company with a significant degree of Canadian ownership and identity. It is anticipated that such Canadian ownership will be beneficial, in an indirect but significant way, in the development of the Company's future relationships with customers, suppliers and employees.

BUSINESS OF THE COMPANY

The Company, incorporated in 1953, acquired an existing business which had been operating as a distributor of earthmoving and construction equipment since 1928. The Company and its subsidiaries (collectively "BH Canada") currently operate a distribution network in eastern Canada for the sale, rental and servicing of a wide range of construction and industrial equipment and supplies with places of business strategically located in Ontario, Quebec and the Atlantic Provinces.

Until the mid-1960's, BH Canada operated principally as a distributor of heavy earthmoving, mining, roadbuilding and construction equipment ("mainline equipment"). BH Canada then began utilizing its existing distribution channels for the rental of light construction and industrial equipment. This business expanded rapidly and in 1970 a separate company, Suntract Rentals Limited, was established with its own identity and accountability. In keeping with the principles applied in the formation of Suntract Rentals Limited, another new division was formed during 1972 for the sale of construction and industrial supplies utilizing BH Canada's established distribution channels.

In summary, BH Canada currently distributes products falling into three broad categories through an integrated distribution network comprised of sales and service branches, parts depots, rental outlets and field sales and service representatives, all of which are co-ordinated and supported through head office facilities located in Metropolitan Toronto.

Growth

During the five periods 1968 to 1972, consolidated revenue increased from $29,502,000 in 1968 to $55,923,000 in 1972 and consolidated net income increased from $491,000 in 1968 to $1,605,000 in 1972. Operating results for this period are summarized in the following table:

	Year Ended October 31			Fourteen Months Ended December 31,	Year Ended December 31,	Average Annual Growth
	1968	1969	1970	1971	1972	Rate
	($000)					
Revenue						
—sales	$14,295	$18,536	$16,169	$24,812	$28,711	20.9%
—rentals	3,487	3,852	4,290	5,611	8,580	28.1
—parts and service	11,720	13,250	15,684	19,645	18,632	12.4
Total revenue	$29,502	$35,638	$36,143	$50,068	$55,923	17.8%
Net income (1)	$ 491	$ 722	$ 647	$ 1,342	$ 1,605	38.5%
Net income per share (2)	•¢	•¢	•¢	•¢ (3)	•¢	—

NOTES:

(1) Reference is made to notes 10 and 11 to the consolidated financial statements as to non-recurring charges and extraordinary gains from the sale of certain subsidiaries which have been excluded.

(2) Based on • Class A Shares outstanding, reflecting retroactively the • -for-1 subdivision of the Company's shares effective March •, 1973. The net income per share figures do not take account of the issuance of t l • Class A Shares offered hereby nor do they reflect any notional return on the proceeds from the sale of such Class A Shares.

(3) Calculated as 12/14ths of the net income per share for the fourteen months ended December 31, 1971.

Product Lines and Marketing

MAINLINE EQUIPMENT

Mainline equipment is distributed by BH Canada to operators in such primary industries as heavy construction, mining and logging. This type of equipment is used in mining, road building, logging, quarrying, the construction of hydro-electric projects and in most civil engineering and commercial construction undertakings.

BH Canada's mainline equipment sales are made under distribution rights in eastern Canada covering the following product lines:

Terex: The "Terex" line of heavy equipment is manufactured by or for General Motors ("GM") in both Canada and the United States and includes off-highway trucks, crawler tractors, scrapers, front-end loaders and a wide range of attachments.

Blackwood Hodge U.K., directly and through subsidiaries, is the world's largest distributor of the "Terex" line of equipment and has been a distributor of heavy equipment manufactured by GM since 1953, the year GM entered this business.

The distributorship for GM heavy equipment was obtained for Ontario in 1956 when this line of equipment was manufactured in Euclid, Ohio and sold under the "Euclid" name. In July, 1968, a U.S. federal antitrust suit was settled requiring GM, among other things, to sell the name "Euclid", its Euclid, Ohio plants and certain equipment and assets. While the antitrust settlement prohibited GM from manufacturing off-highway dump trucks in the United States until July 1, 1972, the manufacture of such units under the name "Terex" continued in Canada and Scotland. Accordingly, while the GM products available to BH Canada did not change as a result of the antitrust settlement, the settlement did result in the loss of

the "Euclid" brand name and this had a significant negative impact on BH Canada's sales of off-highway dump trucks. GM currently manufactures and sells the full "Terex" line in Canada, the United States, Scotland and Luxemburg.

Poclain: A diversified line of hydraulic excavators is manufactured in France by Poclain S.A., one of the world's largest manufacturers of this type of mainline equipment.

Cedarapids: The "Cedarapids" line of crushers, crushing plants, screening plants, asphalt plants and paving equipment is manufactured in the United States by the Iowa Manufacturing Company, a division of Raytheon Corporation.

RayGo: Self-propelled vibratory compactors are manufactured by RayGo, Inc. in the United States.

Eagle: A wide range of equipment for classifying sand and stone is manufactured by the Eagle Iron Works Company in the United States.

The distributorship rights in respect of eastern Canada for the products noted above were obtained over the past 19 years as follows:

	Year Distributorship Rights Obtained		
Product Line	Ontario	Quebec	Atlantic Provinces
Terex	1956	1972	1969
Poclain	1968	1968	1968
Cedarapids	1954	1954	1956
RayGo	1967	1967	1967
Eagle	1954	1954	1956

BH Canada holds additional distribution rights for a number of mainline equipment product lines for certain specific geographic areas within eastern Canada. These products and their manufacturers include motor graders manufactured by the Dominion Road Machinery Company, diesel engines manufactured by the Murphy Diesel Co., material handling equipment and sanitary landfill compactors manufactured by RayGo Wagner Inc. and conveyers, screening plants, radial stackers and cone crushers manufactured by Mulder (Canada) Ltd. BH Canada owns 35% of the shares of Mulder (Canada) Ltd.

During the past five years, BH Canada, by obtaining additional franchises and purchasing certain businesses, has substantially broadened its mainline equipment product lines in order to open up new markets and expand services to existing markets. The criteria for these acquisitions are that they complement existing product lines and place BH Canada in a position to achieve increased market penetration.

While distributorship agreements for mainline equipment are usually cancellable by either party on short notice, there have been few cancellations by manufacturers during the course of the growth and development of BH Canada.

BH Canada accepts trade-ins of used mainline equipment and reconditions such equipment for re-sale, and provides its customers with various methods of financing through equipment rental, rental-option, lease and term purchase programs.

Light Equipment

BH Canada is engaged in the rental of various types of light equipment to the construction industry. The type of equipment rented includes fork-lift trucks, a full range of compactors, air compressors, electric generators, heaters, hoists, jacks, scaffolding, water pumps, concrete handling equipment and a variety of electrical tools and equipment. BH Canada also sells certain of this equipment, such sales being an adjunct to the basic rental operation.

The rental business is carried on by a wholly-owned subsidiary, Suntract Rentals Limited, through a number of independently organized branches, some of which are in premises shared with mainline equipment branches. Each rental branch has its own inventory of equipment but, when the need arises, inventories are transferred on short notice between the various branches. The rental operation is one of the fastest growing segments of BH Canada's operations.

Supplies

BH Canada formed a new division in 1972 for the distribution of construction supplies, tools and accessories through its existing network of sales and rental outlets. In addition, sales are made to unaffiliated operators of sales and rental outlets, principally in locations where no outlets have been established by BH Canada. This division sells a wide range of construction supplies, the most important of which are generator units, contractors' electrical tools, earth compactors, concrete vibrators, air and water hoses, contractors' fibreglass tarpaulins, hydraulic pavement breakers, masonry tools, concrete hardware and wire rope. The supplies sold through the rental branches of BH Canada complement the light equipment rental operation and thereby provide customers with a one-stop shopping facility.

Purchases of supplies made by this division are generally made in large enough quantities to qualify for favorable manufacturers' volume discounts. Such discounts are usually not obtained by operators of individual sales and rental outlets making smaller purchases.

The activities of the supplies division are presently in the early stages of development. Management anticipates that this division will become a growing source of earnings as its volume of business develops.

Parts and Repair Services

An essential element in BH Canada's marketing strategy is to provide full and prompt servicing along with a high level of parts availability for all products distributed. Efficient parts inventory management is achieved through computerized systems designed to produce a high level of availability and maximum utilization of inventory. BH Canada services the machine population of its products by employing well trained and experienced personnel who are familiar with the equipment. As noted below under "Branch Network", each branch is fully equipped to provide a complete range of parts and service facilities. In addition, approximately 80 sales and service representatives tour their respective areas giving on-site service and this is supplemented by the provision of parts inventories on certain sites remote from a branch.

As indicated under "Management and Employees", more than one-half of BH Canada's employees are engaged in the parts and service functions. BH Canada believes that its success is in large measure attributable to the emphasis that it has placed on this aspect of the business.

Branch Network

BH Canada distributes and services mainline equipment through 13 branches located in eastern Canada. The branches are located in Metropolitan Toronto, London, Ottawa, Sudbury and Thunder Bay in Ontario; Metropolitan Montreal, Quebec City, Matagami, Thetford Mines and Sept-Îles in Quebec; Moncton, New Brunswick; Dartmouth, Nova Scotia; and St. John's, Newfoundland. In addition to the normal selling functions, each branch is fully equipped to provide a complete range of parts and repair services.

Rental equipment is distributed and serviced through 27 branches, of which 15 are located in Ontario, five are located in Quebec and seven are located in the Atlantic Provinces. Eleven of these rental branches share premises with mainline equipment branches.

Financing of Operations

BH Canada finances its inventory of mainline equipment and parts and its rental fleet largely through bank borrowings and equipment financing plans made available through manufacturers and finance companies (trade notes payable). The table below indicates the amount of financing provided by each type of lender as at the end of each of the last two fiscal periods:

	Outstanding as at December 31, 1971	Outstanding as at December 31, 1972	Range of effective interest rates during the fiscal year ended December 31, 1972
Current bank loans	\$ 8,018,000	\$ 9,684,000	6¾%–7½%
Term bank loan	640,000	3,000,000	7%
Trade notes payable			
—manufacturers	3,979,000	1,409,000	6½%–9½%
—finance companies	13,136,000	22,807,000	7%–9%
Total	\$25,773,000	\$36,900,000	

In November 1972, the Company enhanced its working capital position by arranging for a term bank loan of \$3,000,000 at an interest rate which is currently 7%. This term loan is repayable over the five years 1975 to 1979 and is secured by the guarantee of Blackwood Hodge U.K.

As noted under "Use of Proceeds", \$• of the estimated net proceeds to be received from the sale of the Class A Shares offered hereby will be utilized initially to reduce bank indebtedness. However, these funds eventually will enable BH Canada to rely less on trade notes payable as a source of funds for the financing of its inventory and rental fleet purchases and consequently will enable it to effect savings in interest costs.

Market Position

All-inclusive market statistics are not available for the equipment and parts which BH Canada distributes, and therefore an accurate estimate of BH Canada's market position cannot be made. However, in terms of total revenue, BH Canada believes its operations to be the second largest in each of the three geographic areas in which it carries on business but that its share of the eastern Canadian market would not have exceeded 10% in 1972. This market position has been achieved through carefully selected product lines, an aggressive marketing strategy, flexible financing arrangements, the capacity to accept and market trade-ins, and dependable parts and repair services and representation throughout eastern Canada. In the opinion of management, these features of BH Canada's operations will enable it to continue to expand its market share in the future.

Management and Employees

Control of finance, accounting and data processing is centralized in the Company's head office in Metropolitan Toronto. The Company has a major in-house computer installation which produces comprehensive management information reports on virtually all phases of operations. Such reports include information and analytical data pertaining to inventory control, budgetary control, working capital management and the accounting function. Control of credit, inventories, hiring, personnel training, advertising and public relations is decentralized with authority in these areas being vested in area, division and branch managers. Day-to-day operating decisions are the responsibility of three general managers, appointed for each of the Ontario, Quebec and Atlantic Province areas, who operate through their respective division and branch managers.

A five-man committee of senior management is responsible for formulating long-term planning and for co-ordinating the implementation of Company policy. The average age of this group is 52 years and they have an average of 19 years' experience with BH Canada and/or Blackwood Hodge U.K.

BH Canada has over 700 employees in eastern Canada of whom nearly 400 are licensed mechanics, partsmen and apprentices, approximately 80 are sales personnel and the remainder operate in administrative and other areas.

Properties

BH Canada owns 8.6 acres of industrial land at 10 Suntract Road, Weston where its head office and Toronto branch buildings are located. At this site, BH Canada occupies three buildings containing 13,400 square feet of air-conditioned office space and 38,240 square feet of repair shop and parts warehouse space.

BH Canada also owns the land and buildings on which ten of its other branches selling mainline equipment and parts are located. These buildings occupy an aggregate of 34.9 acres of land and provide, in the aggregate, 163,900 square feet of office, repair shop and parts warehouse space. All of such branches fully utilize their existing facilities, but four of the branches own sufficient land to allow for major building expansion. Two mainline equipment branches are in leased premises and of the 27 branches handling light equipment rentals, 11 are located

in premises shared with mainline equipment branches and 16 are located in premises leased on a short-term basis from third parties.

Certain properties of the Company are subject to the mortgages referred to under "Consolidated Capitalization".

CONSOLIDATED CAPITALIZATION

	Authorized or to be authorized	Outstanding as at December 31, 1972	Outstanding as at February 28, 1973	Outstanding as at February 28, 1973 after giving effect to this financing (1)
INDEBTEDNESS				
Company				
Current bank loans (2)	—	$9,404,000	$10,481,000	$ •
Term bank loan (3)	$3,000,000	3,000,000	3,000,000	3,000,000
Loans payable to parent and affiliated companies (4)	—	2,084,000	2,966,000	2,966,000
Sundry indebtedness (5)	—	215,000	215,000	215,000
Subsidiaries				
Current bank loans (2)	—	280,000	271,000	271,000
Trade notes payable (6)	—	24,216,000	24,528,000	24,528,000
Mortgages payable (7)	—	1,049,000	1,034,000	1,034,000
Loans payable to affiliated companies (4)	—	589,000	—	—
CAPITAL STOCK (1)				
6% non-cumulative redeemable preferred shares of the par value of $100 each	20,000 shs.	10,000 shs. ($1,000,000)	10,000 shs. ($1,000,000)	—
Common shares without nominal or par value (8)	1,000,000 shs.	1,000,000 shs. ($1,000,000)	1,000,000 shs. ($1,000,000)	—
Class A Convertible Common Shares without par value (8) (9)	3,500,000 shs.	—	—	• shs. ($•)
Class B Convertible Common Shares without par value	3,500,000 shs.	—	—	—

NOTES:

(1) By supplementary letters patent dated March •, 1973, among other things, 10,000 of the Company's unissued preferred shares were cancelled, the Company's 1,000,000 outstanding common shares were subdivided on a • -for-1 basis and redesignated as Class A Shares and an additional • Class A Shares and 3,500,000 Class B Shares were authorized. The last column of this table reflects receipt of the said supplementary letters patent. As stated under "Use of Proceeds", the 10,000 issued preferred shares are to be redeemed at par from the net proceeds of this issue.

(2) Bank loans of $8,500,000 are secured by an assignment of accounts receivable and are guaranteed by Blackwood Hodge U.K. as to $4,000,000 and bear interest at a rate of 1% over the bank's prime rate; the interest rate on such loans was 7% at December 31, 1972.

(3) The term bank loan of $3,000,000 is repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979 and is guaranteed by Blackwood Hodge U.K. This loan bears interest at a rate 1% over the bank's prime rate; the interest rate on this loan was 7% at December 31, 1972.

(4) Loans payable include $434,000 payable to the parent company and $1,977,000 payable to affiliated companies. These loans bear interest at 8% and 9%, respectively. The balance is a non-interest bearing loan from an affiliated company. These loans have no fixed maturity dates.

(5) Sundry indebtedness consists of amounts payable to vendor-shareholders of a subsidiary company and is non-interest bearing.

(6) Trade notes payable of $24,216,000 at December 31, 1972 include notes amounting to $18,478,000 which are secured by liens on specific items in the equipment inventory or the assignment of security for instalment receivables due from customers and are also guaranteed by Blackwood Hodge U.K. as to $6,000,000 thereof. These notes payable bear interest at rates ranging from 6½% to 9½% and are payable within 1 to 48 months.

(7) Mortgages payable are secured by mortgages of various properties in Ontario, Quebec and the Atlantic Provinces. These mortgages bear interest at rates ranging from 7% to 10½% and are repayable within 1 to 14 years.

(8) In addition to the paid-up capital shown in this table, the Company had consolidated retained earnings of $7,659,000 at December 31, 1972.

(9) Reference is made to "Options to Purchase Shares".

(10) Reference is made to note 14 to the financial statements for details of the obligations of BH Canada under leases.

USE OF PROCEEDS

The estimated net proceeds to the Company from the sale of the • Class A Shares offered by this prospectus, after deducting expenses of issue estimated $ • , will be $ • of which $1,000,000 will be used to redeem the Company's 6% non-cumulative redeemable preferred shares of the par value of $100 each (the "Preferred Shares") and the balance of $ • will be used to finance future purchases of inventory and, until required for this purpose, will be used to reduce bank indebtedness incurred for operating requirements. The Company's Preferred Shares are being redeemed because dividends on these shares would rank prior to dividends on the Company's Class A Shares and Class B Shares and have an effective before tax cost of approximately 12% since dividends are not deductible by the Company for tax purposes. Reference is made to "Financing of Operations" for a description of the borrowing activity of BH Canada.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated April • , 1973, between the Company and McLeod, Young, Weir & Company Limited and Fry Mills Spence Limited (the "Underwriters"), the Company has agreed to sell and the underwriters have agreed to purchase on or about May •, 1973 but not later than May •, 1973, all but not less than all of the Class A Shares offered by this prospectus, at a price of $ • per share, payable in cash to the Company against delivery of certificates, subject to the terms and conditions set forth in the said agreement. The obligations of the Underwriters under such agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events.

DESCRIPTION OF SHARES

By supplementary letters patent dated November 9, 1960, the 700,000 authorized shares without nominal or par value of the Company were classified as common shares without nominal or par value, a further 300,000 such shares were created, and 20,000 Preferred Shares were created. By supplementary letters patent dated March •, 1973, among other things, the Company's share capital was altered by cancelling 10,000 authorized but unissued Preferred Shares, by subdividing the authorized and issued common shares on a • -for-1 basis and redesignating them as Class A Shares and by increasing capital by the creation of • additional Class A Shares and 3,500,000 new Class B Shares.

Each Class A Share is convertible at any time at the option of the holder into one Class B Share and each Class B Share is convertible at any time at the option of the holder into one Class A Share. The holders of Class A Shares and Class B Shares are entitled at all meetings of shareholders to one vote for each share held. Subject to the provisions permitting special tax-exempt dividends on the Class B Shares as outlined below, all Class A Shares and Class B Shares rank equally in respect of dividend rights, upon a winding-up or dissolution of the Company and in all other respects. The outstanding Class A Shares are fully paid and non-assessable and the Class A Shares offered by this prospectus will be issued as fully paid and non-assessable shares. The holders of the Class A Shares and Class B Shares of the Company as such have no pre-emptive or subscription rights.

The Company has created the inter-convertible Class A Shares and Class B Shares to enable shareholders to receive the possible tax advantages outlined below.

Class A Shares—Ordinary Dividends

The holders of Class A Shares will be entitled to receive ordinary dividends when declared by the board of directors of the Company. Individuals resident in Canada receiving such dividends will be required to include the same in income, subject to the application of the dividend gross-up and tax credit provisions contained in the new income tax laws of Canada. Under such income tax laws, special rules apply to shareholders who are not individuals resident in Canada, such as public and private corporations, tax-exempt institutions and non-residents.

Class B Shares—Tax-exempt Dividends

In the case of the Class B Shares, the board of directors of the Company has the right to provide for the payment of dividends out of either "tax-paid undistributed surplus on hand" or "1971 capital surplus on hand". To create tax-paid undistributed surplus on hand the Company must pay a tax of 15% on its "1971 undistributed income on hand". No tax is payable by the Company in order to create 1971 capital surplus on hand. The above-quoted terms have technical meanings which are defined in the Income Tax Act (Canada).

Under the new income tax laws, dividends paid on the Class B Shares out of either tax-paid undistributed surplus on hand or 1971 capital surplus on hand will be free from tax on receipt by the shareholders. However, such dividends will result in a reduction of the shareholders' adjusted cost base of such shares for capital gains tax purposes and this may have the effect of increasing the gain or decreasing the loss realized on any subsequent disposal or deemed disposal of such shares. Thus, although no income tax is payable by shareholders at the time tax-exempt dividends are received, a potential liability for future tax may be created.

Since holders of Class A Shares and Class B Shares are entitled to participate equally share-for-share in any dividends paid on such shares, a tax-exempt dividend on the Class B Shares paid out of tax-paid undistributed surplus on hand will amount to 85% of an ordinary dividend paid on the Class A Shares.

Whether or not tax-exempt dividends on the Class B Shares will be paid will be in the discretion of the directors, and in any event, only ordinary dividends will be paid on the Class B Shares once 1971 undistributed income on hand, tax-paid undistributed surplus on hand and 1971 capital surplus on hand have been exhausted.

Conversion

From the shareholders' income tax point of view, dividends paid out of either tax-paid undistributed surplus on hand or 1971 capital surplus on hand will be more advantageous than ordinary dividends to some shareholders than to others, depending on their tax status and marginal tax rates. The inter-convertibility of the Class A Shares and the Class B Shares will allow each shareholder to determine from time to time whether it is more advantageous to hold Class A Shares or Class B Shares based upon his particular circumstances. Each shareholder who is an individual resident in Canada will have to compare the consequences of receiving a taxable dividend on the Class A Shares subject to the dividend gross-up and tax credit provisions of the income tax laws as against the consequences of receiving a tax-exempt dividend on the Class B Shares with the resultant reduction of the adjusted cost base of such shares. The Class A Shares and the Class B Shares are by their terms freely inter-convertible at any time and as often as the holders wish.

Under present income tax laws, a conversion of Class A Shares into Class B Shares or vice versa would probably be a disposition which could give rise to a capital gain or loss for tax purposes. However, the 1972 Federal Budget proposed an amendment which would provide for the tax-free inter-convertibility of the Class A Shares and the Class B Shares. It is not known at this time whether the legislation necessary to implement this amendment will be enacted.

Preferred Shares

The Class A Shares and Class B Shares rank after the Company's Preferred Shares. However, all of the outstanding Preferred Shares are to be redeemed out of the net proceeds of this issue and such shares may not be re-issued and, as stated above, the remaining authorized but unissued Preferred Shares were cancelled by the supplementary letters patent dated March •, 1973.

DIVIDEND POLICY

No dividends have been paid by the Company during its last five completed financial years. In the future, payment of dividends by the Company will be determined from time to time by the board of directors on the basis of then prevailing financial circumstances, earnings, working capital requirements and other relevant factors. Prior to the record date for the payment of the Company's first dividend on the Class A Shares and Class B Shares, the Company will communicate with shareholders in order to assist them in their determination as to whether they should hold Class A Shares or Class B Shares. Reference is made to "Class A Shares—Ordinary Dividends" and "Class B Shares—Tax-exempt Dividends".

DIRECTORS AND OFFICERS

The names and home addresses of the directors and officers of the Company and their principal occupations are as follows:

Name and address	Position or office held with the Company	Principal occupation
William Arthur Shapland, Colford Lodge, 44 Beech Drive, East Finchley, London N 2, England.	Chairman of the Board and Director	Chairman of the Board, Blackwood Hodge U.K.
Adrian Wordsworth Edwards, 31 N. Sherbourne Street, Toronto, Ontario.	President and Director	President of the Company
Frank James King, 29 Uplands Avenue, Thornhill, Ontario.	Director	Vice-President and General Manager, Blackwood Hodge Equipment Ltd.
Richard Thacker, 31 East Gablescourt, Beaconsfield, Quebec.	Director	Vice-President and General Manager, Blackwood Hodge Quebec Ltd.
James Grayson Torrance, Q.C., 100 North Drive, Islington, Ontario.	Director	Barrister and Solicitor Partner, Smith, Lyons, Torrance, Stevenson & Mayer
Norman Edwin Warry, 396 Wedgewood Drive, Oakville, Ontario.	Secretary-Treasurer	Secretary-Treasurer of the Company

All of the directors and officers have carried on the principal occupations listed above for the preceding five years, except that prior to his election as President in May, 1971, Mr. Edwards was Executive Vice-President of the Company. Mr. Edwards is also a director of Blackwood Hodge U.K.

Remuneration

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was $281,540 for the fiscal year ended December 31, 1972 and $29,917 for the two months ended February 28, 1973.

The estimated aggregate cost to the Company and its subsidiaries for the fiscal year ended December 31, 1972 of all pension benefits proposed to be paid, directly or indirectly, by the Company and its subsidiaries to the directors and senior officers of the Company under the Company's pension plan in the event of retirement at normal retirement age was $2,710.

PRINCIPAL SHAREHOLDER

The following table sets forth as at March •, 1973 the holdings of the only person or company owning directly or indirectly, beneficially or of record, more than 10% of either the Class A Shares or the Preferred Shares of the Company.

Name and address of holder	Designation of shares	Type of ownership	Number of shares	Percentage of Class: As at March •, 1973	Percentage of Class: After completion of this financing
Blackwood Hodge Limited, 25 Berkeley Square, London W1, England.	Class A Shares	Indirect and beneficial	•	100%	75%
	Preferred Shares	Indirect and beneficial	10,000	100%	—

The registered holder of the Preferred Shares and of the Class A Shares, except for directors' qualifying shares, is Blackwood Hodge Overseas Holdings Limited, a wholly-owned subsidiary of Blackwood Hodge U.K. The directors and senior officers of the Company beneficially own approximately 55,000 equity shares of Blackwood Hodge U.K., being approximately 0.3% of its outstanding shares.

OPTIONS TO PURCHASE SHARES

The Company has established an employee stock option plan and has reserved a maximum of 100,000 unissued Class A Shares for issuance thereunder upon the exercise of stock options granted to bona fide full-time officers and employees of BH Canada. The directors have under the plan authorized the granting of options to purchase • Class A Shares at the price of $ • per share. Such options are to expire on March 31, 1978 and are exercisable on a cumulative basis as to 20% thereof by each optionee during each of the five years over which the options extend. No option may be exercised prior to the end of six months following the granting thereof. The options provide for their earlier termination in the event that the employment of the optionee ceases prior to the exercise of the option. The persons to whom options have been granted include • directors and senior officers of the Company for a total of • Class A Shares, • directors and senior officers of subsidiaries for a total of • Class A Shares and • other employees of subsidiaries for a total of • Class A Shares. Options to purchase the remaining • Class A Shares reserved under the plan may be granted from time to time at the discretion of the board of directors on similar terms but at prices not less than 90% of the market price of Class A Shares at the time of granting such options.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Prior to this financing and in connection with the sale by the Company of its non-Canadian interests, the Company under agreements dated September 30, 1972 purchased from its then 90% owned subsidiary, Suntract Holdings Limited, and from three directors and officers of the Company or its subsidiaries, all of the outstanding shares of Suntract Manufacturing Limited for $300,000, which price was based upon an independent evaluation made by the Company's auditors. The three directors and officers involved in this transaction were Messrs. F. J. King, 29 Uplands Avenue, Thornhill, Ontario, who received $15,000, R. Thacker, 31 East Gablescourt, Beaconsfield, Quebec, who received $7,500 and G. W. H. Lutz, Schooner Cove, Head of St. Margaret's Bay, Halifax County, Nova Scotia, who received $7,500.

After completing the foregoing purchase the Company, under an agreement made in November, 1972, sold to Suntract International Limited, Box 38 Toronto-Dominion Centre, Toronto, Ontario, a wholly-owned subsidiary of Blackwood Hodge Overseas Holdings Limited, the 90% of the outstanding shares of Suntract Holdings Limited owned by the Company for $1,350,000, satisfied by the issuance to the Company of $1,350,000 aggregate par value of 7½% preference shares of Suntract International Limited, which price was again based upon an independent evaluation made by the Company's auditors. The remaining 10% of the outstanding shares of Suntract Holdings Limited were and are owned by Mr. A. W. Edwards who acquired the same upon incorporation in 1970.

The result of the foregoing two transactions was that Suntract Manufacturing Limited which carries on business in Canada was retained by BH Canada whereas Suntract Holdings Limited was disposed of in connection with the sale by BH Canada of its non-Canadian interests.

Other than as set out above, no material transactions have taken place within a period of three years prior to the date of this prospectus or are proposed, in which any director or senior officer of the Company or its subsidiaries or Blackwood Hodge U.K. or any associate or affiliate of any of the foregoing persons or companies has had or will have a material interest, direct or indirect.

MATERIAL CONTRACTS

Particulars of material contracts entered into by the Company or its subsidiaries within the past two years, other than contracts in the ordinary course of business, are as follows:

(a) An agreement dated March 4, 1971 between the Company and Robert Fowler and John Reid providing for the purchase by the Company of all the issued and outstanding shares of Craftway Equipment Limited.

(b) An agreement dated August 31, 1971 between North Eastern Terex Distributors (1969) Ltd. and Eugo Limitée, T. G. Godsall, Godsall Holdings Limited and the Company, providing for the purchase by the Company of the property and assets of each of the first two mentioned companies as of October 1, 1971.

(c) The agreements dated September 30, 1972 between the Company and each of Messrs. King, Thacker and Lutz and the agreement dated September 30, 1972 between the Company and Suntract Holdings Limited under which the Company purchased the outstanding shares of Suntract Manufacturing Limited, which agreements are described under "Interest of Management and Others in Material Transactions".

(d) The agreement made in November, 1972 between the Company and Suntract International Limited under which the Company sold its 90% interest in Suntract Holdings Limited. Reference is made to "Interest of Management and Others in Material Transactions".

(e) An agreement dated November 3, 1972 between the Company and a Canadian chartered bank under which the Company borrowed $3,000,000 from such bank at an interest rate of 1% above the bank's prime rate, repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979.

(f) An agreement dated October 31, 1972, between the Company and Alcoa Properties, Inc. under which the Company sold to Alcoa Properties, Inc. all of the shares of Orion-New York, Inc. as part of the disposal by the Company of its non-Canadian interests.

(g) The agreement dated April •, 1973 between the Company and the Underwriters referred to under "Plan of Distribution".

Copies of the foregoing contracts may be inspected during ordinary business hours at the head office of the Company during the period of distribution to the public of the securities offered hereby and for a period of 30 days thereafter.

OTHER MATERIAL FACTS

Prior to the sale by the Company of its non-Canadian interests, the Company in the ordinary course of its business guaranteed the liabilities of certain foreign affiliated companies. The Company's contingent liability under these guarantees did not exceed $2,553,000 at February 28, 1973, although one guarantee is unlimited as to amount and the maximum aggregate amount covered by the other guarantees is approximately $3,550,000. The Company is currently taking steps to have these guarantees assumed by Blackwood Hodge U.K. or one of the subsidiaries of Blackwood Hodge U.K. other than BH Canada.

AUDITORS

The auditors of the Company are Deloitte, Haskins & Sells, Chartered Accountants, 3200 Royal Trust Tower, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Class A Shares and Class B Shares of the Company is National Trust Company, Limited at its principal offices in the cities of Vancouver, Calgary, Regina, Winnipeg, Toronto and Montreal.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES

(formerly J. B. H. Holdings Ltd.)

Consolidated and Pro Forma Consolidated Balance Sheets
as at December 31, 1972
($000)

Assets	Consolidated	Pro Forma Consolidated (Note 2)
CURRENT ASSETS:		
Cash	$ 122	$ 122
Accounts receivable	17,100	17,100
Due from affiliated companies	555	555
Inventories (Note 3)	22,858	22,858
Total current assets	40,635	40,635
INSTALMENT RECEIVABLES—less $5,448 due within one year and included in accounts receivable	4,570	4,570
INVESTMENTS—at cost (Note 11)	1,506	1,506
PROPERTY, PLANT AND EQUIPMENT (Note 4)	14,483	14,483
EXCESS OF COST OF SUBSIDIARIES OVER NET ASSETS AT DATES OF ACQUISITION	210	210
TOTAL	$61,404	$61,404

Liabilities and Shareholders' Equity

	Consolidated	Pro Forma Consolidated (Note 2)
CURRENT LIABILITIES:		
Bank indebtedness (Note 5)	$10,350	$ •
Accounts payable and accrued charges	22,421	22,421
Income and other taxes	558	558
Due to affiliated companies	552	552
Deferred income taxes (Note 7)	1,990	1,990
Total current liabilities	35,871	•
TRADE NOTES PAYABLE—less $17,416 due within one year and included in accounts payable and accrued charges (Note 6)	6,800	6,800
LONG-TERM DEBT (Note 8)	6,697	6,697
DEFERRED INCOME TAXES (Note 7)	1,256	1,256
SHAREHOLDERS' EQUITY:		
Capital stock (Note 9)	2,000	•
Excess of appraised value of land and buildings over depreciated value (Note 4)	1,121	1,121
Retained earnings	7,659	7,659
Total shareholders' equity	10,780	•
TOTAL	$61,404	$61,404

Approved by the Board of Directors:

(Signed) R. THACKER, Director

(Signed) F. J. KING, Director

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Consolidated Statement of Income
($000)

	Year ended October 31, 1968	Year ended October 31, 1969	Year ended October 31, 1970	Fourteen months ended December 31, 1971	Year ended December 31, 1972
Net sales and rentals....................	$29,502	$35,638	$36,143	$50,068	$55,923
Cost of sales and rentals................	21,990	26,924	26,726	36,637	40,667
Gross profit...........................	7,512	8,714	9,417	13,431	15,256
Selling, general and administrative expenses	5,574	6,321	6,792	9,786	11,304
Income from operations.................	1,938	2,393	2,625	3,645	3,952
Other income...........................	301	431	524	1,265	1,193
Income before other charges.............	2,239	2,824	3,149	4,910	5,145
Other charges:					
Interest on trade notes payable and current bank loans........................	980	1,091	1,527	1,816	1,980
Interest on long-term debt.............	229	263	180	272	180
Total other charges................	1,209	1,354	1,707	2,088	2,160
Income from continuing operations.......	1,030	1,470	1,442	2,822	2,985
Provision for income taxes (Note 7).......	539	748	795	1,480	1,380
Net income from continuing operations...	491	722	647	1,342	1,605
Non-recurring charges net of income taxes (Note 10)...........................	410	92	80	118	18
Net income before extraordinary item.....	81	630	567	1,224	1,587
Extraordinary item:					
Gain on sale of subsidiaries (Note 11)...	—	—	—	—	1,266
Net income for the period...............	$ 81	$ 630	$ 567	$ 1,224	$ 2,853
EARNINGS PER SHARE (Note 12):					
Before subdivision:					
From continuing operations.........	$ .49	$ .72	$ .65	$1.34	$1.60
Before extraordinary item...........	.08	.63	.57	1.22	1.59
After extraordinary item............	.08	.63	.57	1.22	2.85
After subdivision:					
From continuing operations.........	•	•	•	•	•

Consolidated Statement of Retained Earnings
($000)

	1968	1969	1970	1971	1972
Balance at beginning of the period........	$ 2,304	$ 2,385	$ 3,015	$ 3,582	$ 4,806
Net income for the period...............	81	630	567	1,224	2,853
Balance at end of the period............	$ 2,385	$ 3,015	$ 3,582	$ 4,806	$ 7,659

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Consolidated Statement of Source and Application of Funds
($000)

	Year ended October 31, 1968	Year ended October 31, 1969	Year ended October 31, 1970	Fourteen months ended December 31, 1971	Year ended December 31, 1972
SOURCE OF FUNDS:					
Net income from continuing operations..	$ 491	$ 722	$ 647	$ 1,342	$ 1,605
Add:					
Depreciation.....................	636	756	722	1,478	1,908
Deferred income taxes.............	(12)	303	162	225	583
Funds provided from continuing operations....................	1,115	1,781	1,531	3,045	4,096
Disposals of property, plant and equipment......................	1,559	1,419	1,141	1,826	2,716
Increase (decrease) in long-term debt....	64	(12)	(26)	52	3,339
Increase (decrease) in trade notes payable.........................	(554)	1,001	1,563	433	2,918
Total funds provided from continuing operations..........	2,184	4,189	4,209	5,356	13,069
APPLICATION OF FUNDS:					
Additions to property, plant and equipment......................	2,387	2,943	2,805	6,549	8,423
Increase (decrease) in instalment receivables......................	(325)	980	633	435	1,376
Increase in investments..............	91	65	—	—	1,350
Excess of cost of subsidiaries over net assets acquired	—	—	—	101	160
Total funds applied to continuing operations...................	2,153	3,988	3,438	7,085	11,309
INCREASE (DECREASE) IN WORKING CAPITAL FROM CONTINUING OPERATIONS.........	31	201	771	(1,729)	1,760
WORKING CAPITAL PROVIDED FROM (APPLIED TO) DISCONTINUED OPERATIONS.	(89)	(88)	(118)	(587)	486
WORKING CAPITAL PROVIDED FROM EXTRA-ORDINARY ITEM (Note 11).............	—	—	—	—	1,266
INCREASE (DECREASE) IN WORKING CAPITAL FOR THE PERIOD.....................	(58)	113	653	(2,316)	3,512
WORKING CAPITAL AT BEGINNING OF THE PERIOD............................	2,860	2,802	2,915	3,568	1,252
WORKING CAPITAL AT END OF THE PERIOD...	$ 2,802	$ 2,915	$ 3,568	$ 1,252	$ 4,764

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Notes to Consolidated Financial Statements

1. Principles of Consolidation

The consolidated financial statements include the accounts of the company and all subsidiaries, consolidated on a purchase-acquisition basis with all material inter-company balances and transactions having been eliminated.

The following companies are the active subsidiaries of the company:

Blackwood Hodge Equipment Ltd.
● (formerly Blackwood Hodge Canada Ltd.)
Blackwood Hodge Quebec Ltd.
Blackwood Hodge Quebec Sales Ltd.
Blackwood Hodge Atlantic Limited
Blackwood Hodge Atlantic Sales Limited
Suntract Rentals Limited
Suntract Manufacturing Limited

Transactions in foreign currencies have been translated into Canadian dollars at rates prevailing at the time of the transactions, except that current assets and current liabilities have been translated at the quoted rates of exchange at the end of each financial period.

2. Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet gives effect as of December 31, 1972 to the following transactions:

(a) the receipt of supplementary letters patent dated March ●, 1973 which:
  (i) changed the company's name to Blackwood Hodge (Canada) Limited;
  (ii) converted the company from a private to a public company;
  (iii) subdivided and redesignated the authorized and issued common shares on a ● -for-1 basis resulting in ● Class A convertible common shares without par value;
  (iv) created an additional ● Class A convertible common shares without par value and 3,500,000 Class B convertible common shares without par value; and
  (v) cancelled 10,000 authorized but unissued preferred shares of the par value of $100 each;

(b) the issue of ● Class A convertible common shares for $ ● less estimated expenses of $ ● ;

(c) the application of the net proceeds of the issue of the ● Class A convertible common shares as follows:
  (i) $1,000,000 to redeem the outstanding 10,000 preferred shares; and
  (ii) the balance of $ ● to reduce bank indebtedness;

(d) the reservation of 100,000 unissued Class A convertible common shares in connection with an employee stock option plan.

3. Inventories

The major categories of inventories are as follows:

Equipment	$15,091,000
Parts and supplies	7,767,000
	$22,858,000

Inventories are recorded at the lower of cost and net realizable value. Cost is on a specific item actual cost basis for equipment and a first-in, first-out basis for parts and supplies.

4. Property, Plant and Equipment

The major portion of land and buildings is recorded at its going-concern value, based on appraisals made by Bosley Associates as of October 31, 1970, with subsequent additions recorded at cost. The excess of appraised value of land and buildings over depreciated value at that date amounted to $1,156,000. The excess relating to assets still on hand at December 31, 1972 amounts to $1,121,000 and is included in shareholders' equity. Of this amount, $674,000 may not be distributed until 1975.

The remaining land, buildings, automobiles, equipment and franchise rental fleet are recorded at cost.

The major categories of property, plant and equipment and the accumulated depreciation are as follows:

		Depreciation Rates
Land	$ 1,596,000	—
Buildings	3,591,000	2½%
Automobiles and equipment	1,807,000	10%–20%
Franchise rental fleet	12,057,000	20%–30%
	19,051,000	
Less accumulated depreciation	4,568,000	
	$14,483,000	

Depreciation is calculated to amortize the cost or appraised value of assets over their estimated useful lives on a straight-line basis at the rates shown above.

Effective January 1, 1972 the company changed its method of providing for depreciation of its franchise rental fleet from a policy which commenced recording depreciation in the month of acquisition to one which commences in the month of first rental providing the equipment has not been on hand for more than one season, which approximates 3 months. As the company orders equipment up to 3 months in advance of its seasonal needs, this policy change was made recognizing that a continuation of the previous policy would have burdened current earnings with the depreciation of new unrented equipment acquired in anticipation of such seasonal demands. If the previous depreciation policy had been continued for the year ended December 31, 1972, net income from continuing operations would have been lower by approximately $130,000.

5. Bank Indebtedness

Bank indebtedness consists of:

Current bank loans	$ 9,684,000
Current account overdrafts	666,000
	$10,350,000

Bank loans of $8,500,000 are secured by an assignment of accounts receivable and are guaranteed as to $4,000,000 by Blackwood Hodge Limited, the parent company, and bear interest at a rate of 1% over the bank's prime rate; the interest rate on such loans was 7% at December 31, 1972.

6. Trade Notes Payable

Trade notes payable of $24,216,000 include notes amounting to $18,478,000 which are secured by liens on specific items in the equipment inventory or the assignment of security for instalment receivables due from customers and are also guaranteed by Blackwood Hodge Limited as to $6,000,000 thereof. Trade notes payable bear interest at rates ranging from 6½% to 9½% and are payable within 1 to 48 months.

7. Income Taxes

The company claims capital cost allowance for income tax purposes on rental equipment included in inventories. The excess of capital cost allowance claimed over depreciation provided in the accounts on such equipment results in a deferral of income tax which is included in current liabilities.

The non-current portion of deferred income taxes arises principally from claiming capital cost allowance for tax purposes in excess of depreciation recorded for plant and equipment.

8. Long-Term Debt

The major categories of long-term debt are as follows:

Term bank loan	$3,000,000
Loans payable to parent and affiliated companies	2,673,000
Due to vendor-shareholders of a subsidiary company	215,000
Mortgages payable	1,049,000
	6,937,000
Less current portion included in accounts payable and accrued charges	240,000
	$6,697,000

The term bank loan of $3,000,000 is repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979 and is guaranteed by Blackwood Hodge Limited. This loan bears interest at a rate of 1% over the bank's prime rate; the interest rate on this loan was 7% at December 31, 1972.

Loans payable include $434,000 payable to the parent company and $1,977,000 payable to affiliated companies. These loans bear interest at the rates of 9% and 8% respectively. The balance is a non-interest bearing loan from an affiliated company. These loans have no fixed maturity dates.

The amount owing to vendor-shareholders of a subsidiary company is due in 2 equal instalments, without interest, on June 30, 1973 and 1974.

Mortgages payable are secured by mortgages of various properties in Ontario, Quebec, and the Atlantic Provinces. These mortgages are repayable within 1 to 14 years. The annual commitment for principal and interest over the next 3 years is approximately $160,000.

9. Capital Stock

Consolidated balance sheet:

Authorized:

20,000 6% non-cumulative, preferred shares of the par value of $100 each, redeemable at par; and

1,000,000 common shares without nominal or par value

Issued and fully paid:

10,000 preferred shares	$1,000,000
1,000,000 common shares	1,000,000
	$2,000,000

Pro forma consolidated balance sheet:

Authorized:

3,500,000 Class A convertible common shares without par value; and
3,500,000 Class B convertible common shares without par value

Issued and fully paid:

● Class A convertible common shares.................................. $ ●

Class A convertible common shares are convertible into Class B convertible common shares on a 1-for-1 basis and vice versa. 100,000 of the Class A convertible common shares have been reserved for issue under the company's employee stock option plan. Options to purchase 43,000 Class A shares at $● per share have been granted.

10. NON-RECURRING CHARGES

Non-recurring charges incurred in connection with the acquisition of a new franchise and the discontinuance of certain operations in 1972 have been disclosed separately in each period, net of income taxes, in order to demonstrate net income from continuing operations.

11. SALE OF SUBSIDIARIES

During the year ended December 31, 1972 the company disposed of two subsidiaries:

(i) Orion-New York, Inc. was sold in an arm's-length transaction resulting in a gain of $298,000; and

(ii) Suntract Holdings Limited was sold to an affiliated company for $1,350,000, which price was established by an independent valuation and was satisfied by the issue to the company of $1,350,000 aggregate par value of 7½% preference shares of such affiliated company which are included in investments at their par value. The gain on this transaction amounted to $996,000, of which $28,000 relating to franchise rental fleet on hand at December 31, 1972 has been deferred.

12. EARNINGS PER SHARE

Earnings per share have been calculated both before and after the ●-for-1 subdivision of shares referred to in Note 2. The number of shares outstanding did not change during the five periods.

13. RESTATEMENT OF PRIOR PERIOD EARNINGS

Certain changes in the basis of applying generally accepted accounting principles were made in the annual financial statements presented to the shareholders during the periods 1968 to 1971. The earnings for these periods have been restated to reflect these changes on a retroactive basis. As a result, the earnings for the periods 1968 to 1972 presented on page 15 reflect the consistent application of generally accepted accounting principles throughout the five periods except as explained in Note 4.

14. LEASE COMMITMENTS

Various subsidiaries have entered into leases of business premises for periods expiring at various times through December, 1982. The rental cost of these premises for the year ended December 31, 1972 amounted to $189,000. The maximum annual rental cost of these premises over the next 5 years approximates $195,000.

15. CONTINGENT LIABILITIES

The company or subsidiaries are contingently liable on instalment sales contracts and customers' notes discounted amounting to $4,253,000 at December 31, 1972. The company or subsidiaries are also contingently liable for $1,210,000 on guarantees of instalment sales contracts and bills discounted by affiliated companies.

The company also has guaranteed obligations of certain foreign affiliates. The Canadian dollar equivalent of the contingent liability at December 31, 1972 under these guarantees is approximately $2,000,000.

AUDITORS' REPORT

To the Directors of
BLACKWOOD HODGE (CANADA) LIMITED
(FORMERLY J. B. H. HOLDINGS LTD.)

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Blackwood Hodge (Canada) Limited and subsidiaries as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year ended December 31, 1972, the fourteen months ended December 31, 1971 and the three years ended October 31, 1970. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1972;

(b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1972 after giving effect to the transactions described in Note 2 to the financial statements;

(c) The accompanying consolidated statements of income, retained earnings and source and application of funds present fairly the results of the companies' operations and the source and application of their funds for the above stated periods;

all in accordance with generally accepted accounting principles applied, except for the change in depreciation method explained in Note 4 to the consolidated financial statements, with which we concur, on a consistent basis.

Toronto, Ontario
April ●, 1973

CHARTERED ACCOUNTANTS

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered in the course of distribution to the public:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered in the course of distribution to the public,

(a) a purchaser, while the owner thereof, has the right to rescind a contract for the purchase of a security if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the securities, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery of the written confirmation of the sale of the securities to either of them. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell the security within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and

(b) a purchaser, while the owner thereof, has the right to rescind a contract for the purchase of such security if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from (1) the date of such contract or (2) the date on which such prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent, whichever date is the later.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part VII of The Securities Act (Ontario), by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec) and by the respective regulations made thereunder.

DATED: March 20, 1973.

(Signed) A. W. EDWARDS
President

(Signed) N. E. WARRY
Secretary-Treasurer

On behalf of the Board of Directors

(Signed) R. THACKER
Director

(Signed) F. J. KING
Director

CERTIFICATE OF THE UNDERWRITERS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part VII of The Securities Act (Ontario), by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec) and by the respective regulations made thereunder.

DATED: March 20, 1973.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED

By: (Signed) L. E. BARLOW

FRY MILLS SPENCE LIMITED

By: (Signed) W. R. MCKEOWN

The following includes the name of every person having an interest directly or indirectly to the extent of not less than 5% in the capital of: McLeod, Young, Weir & Company Limited: J. S. Dinnick, G. C. MacDonald, C. P. Keeley, L. E. Barlow, J. L. McLaughlin, A. T. L. Fraser, R. M. Grills, F. B. Farrill and A. S. Brooke; Fry Mills Spence Limited: H. B. Boyer, C. F. Chasney, D. W. Clarke, A. W. Howe, R. J. Lawrence, W. L. Matthews, W. R. McKeown, J. L. Mills, W. G. Reid, G. L. Skene, W. H. A. Thorburn, D. J. Wilkins and R. K. Wright.

PRINTED IN CANADA

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

New Issue

BLACKWOOD HODGE (CANADA) LIMITED

600,000 Class A Convertible Common Shares

(without par value)

The 600,000 Class A Convertible Common Shares without par value ("Class A Shares") offered by this prospectus are unissued shares being acquired by the Underwriters from the Company and are to be sold to the public. There is no market for the Class A Shares and the price has been determined by negotiation between the Company and the Underwriters. Reference is made to "Net Tangible Assets per Share".

Each Class A Share is convertible, at the option of the holder, into one Class B Convertible Common Share without par value ("Class B Share") and each Class B Share is convertible, at the option of the holder, into one Class A Share. Reference is made to "Description of Shares".

Applications have been made to list the Class A Shares and the Class B Shares on the Toronto and Montreal stock exchanges. Acceptance of the listings will be subject to the filing of required documents and evidence of satisfactory distribution, both within 90 days.

Price: $8.00 per share

In the opinion of counsel, the Class A Shares and the Class B Shares will be investments in which the Canadian and British Insurance Companies Act (Canada) states that a company registered under Part III thereof may invest its funds without resorting to the provisions of subsection (4) of Section 63 of the said Act and will also be investments in which Schedule C to the Regulations under the Pension Benefits Standards Act (Canada) states that the funds of a pension plan registered thereunder may be invested without resorting to the provisions of Section 4 of the said Schedule.

We, as principals, conditionally offer these Class A Shares, subject to prior sale, if, as and when issued by the Company and accepted by us in accordance with the conditions contained in the underwriting agreement referred to under "Plan of Distribution" and subject to the approval of all legal matters on behalf of the Company by Messrs. Smith, Lyons, Torrance, Stevenson & Mayer, Toronto, and on our behalf by Messrs. McCarthy & McCarthy, Toronto.

	Price to Public	Underwriting Discount	Proceeds to Company*
Per Share................................	$8.00	$0.48	$7.52
Total....................................	$4,800,000	$288,000	$4,512,000

*Before deducting expenses of issue, estimated at $75,000.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that share certificates in definitive form will be available for delivery on or about May 15, 1973.

April 24, 1973

TABLE OF CONTENTS

THE COMPANY

Blackwood Hodge (Canada) Limited (the "Company") was incorporated under the laws of Canada by letters patent dated April 30, 1953. The Company has been granted various supplementary letters patent altering its share capital, all of which are described under "Description of Shares". By supplementary letters patent dated March 22, 1973, among other things, the Company's name was changed to its present form and the Company was converted into a public company.

The Company's head office and principal office is located at 10 Suntract Road, Weston, Ontario.

BLACKWOOD HODGE LIMITED

The Company is an important part of the international operations of Blackwood Hodge Limited ("Blackwood Hodge U.K."), a corporation which has its headquarters in the United Kingdom and is the world's largest organization specializing in the sale and servicing of earthmoving and construction equipment. Directly and through subsidiaries, Blackwood Hodge U.K. carries on operations in the United Kingdom, Europe, Asia, Africa, Australia and North America through a network of over 100 branches and servicing centres in more than 25 countries.

For the year ended December 31, 1971, consolidated sales of Blackwood Hodge U.K. amounted to approximately \$197 million. At that date consolidated total assets were approximately \$154 million and consolidated net assets were approximately \$50 million.

The Company is presently a wholly-owned subsidiary of Blackwood Hodge Overseas Holdings Limited, which is a wholly-owned subsidiary of Blackwood Hodge U.K. Pursuant to this prospectus, 25% of the Company's shares will be offered to the Canadian public.

One of the primary reasons for offering shares in the Company to Canadian investors is to provide the Company with a significant degree of Canadian ownership and identity. It is anticipated that such Canadian ownership will be beneficial, in an indirect but significant way, in the development of the Company's future relationships with customers, suppliers and employees.

BUSINESS OF THE COMPANY

The Company, incorporated in 1953, acquired an existing business which had been operating as a distributor of earthmoving and construction equipment since 1928. The Company and its subsidiaries (collectively "BH Canada") currently operate a distribution network in eastern Canada for the sale, rental and servicing of a wide range of construction and industrial equipment and supplies with places of business strategically located in Ontario, Quebec and the Atlantic Provinces.

Until the mid-1960's, BH Canada operated principally as a distributor of heavy earthmoving, mining, roadbuilding and construction equipment ("mainline equipment"). BH Canada then began utilizing its existing distribution channels for the rental of light construction and industrial equipment. This business expanded rapidly and in 1970 a separate company, Suntract Rentals Limited, was established with its own identity and accountability. In keeping with the principles applied in the formation of Suntract Rentals Limited, another new division was formed during 1972 for the sale of construction and industrial supplies utilizing BH Canada's established distribution channels.

In summary, BH Canada currently distributes products falling into three broad categories through an integrated distribution network comprised of sales and service branches, parts depots, rental outlets and field sales and service representatives, all of which are co-ordinated and supported through head office facilities located in Metropolitan Toronto.

Growth

During the five periods 1968 to 1972, consolidated revenue increased from $29,502,000 in 1968 to $55,923,000 in 1972 and consolidated net income increased from $491,000 in 1968 to $1,605,000 in 1972. Operating results for this period are summarized in the following table:

	Year Ended October 31			Fourteen Months Ended December 31,	Year Ended December 31,	Average Annual Growth
	1968	1969	1970	1971	1972	Rate
	($000)					
Revenue						
—sales	$14,295	$18,536	$16,169	$24,812	$28,711	20.9%
—rentals	3,487	3,852	4,290	5,611	8,580	28.1
—parts and service	11,720	13,250	15,684	19,645	18,632	12.4
Total revenue	$29,502	$35,638	$36,143	$50,068	$55,923	17.8%
Net income (1)	$ 491	$ 722	$ 647	$ 1,342	$ 1,605	38.5%
Net income per share (2)	27.3¢	40.1¢	35.9¢	63.9¢(3)	89.2¢	—

NOTES:

(1) Reference is made to notes 10 and 11 to the consolidated financial statements as to non-recurring charges and extraordinary gains from the sale of certain subsidiaries which have been excluded.

(2) Based on 1,800,000 Class A Shares outstanding, reflecting retroactively the 1.8-for-1 subdivision of the Company's shares effective March 22, 1973. The net income per share figures do not take account of the issuance of the 600,000 Class A Shares offered hereby nor do they reflect any notional return on the proceeds from the sale of such Class A Shares.

(3) Calculated as 12/14ths of the net income per share for the fourteen months ended December 31, 1971.

Product Lines and Marketing

MAINLINE EQUIPMENT

Mainline equipment is distributed by BH Canada to operators in such primary industries as heavy construction, mining and logging. This type of equipment is used in mining, road building, logging, quarrying, the construction of hydro-electric projects and in most civil engineering and commercial construction undertakings.

BH Canada's mainline equipment sales are made under distribution rights in eastern Canada covering the following product lines:

Terex: The "Terex" line of heavy equipment is manufactured by or for General Motors ("GM") in both Canada and the United States and includes off-highway trucks, crawler tractors, scrapers, front-end loaders and a wide range of attachments.

Blackwood Hodge U.K., directly and through subsidiaries, is the world's largest distributor of the "Terex" line of equipment and has been a distributor of heavy equipment manufactured by GM since 1953, the year GM entered this business.

The distributorship for GM heavy equipment was obtained for Ontario in 1956 when this line of equipment was manufactured in Euclid, Ohio and sold under the "Euclid" name. In July, 1968, a U.S. federal antitrust suit was settled requiring GM, among other things, to sell the name "Euclid", its Euclid, Ohio plants and certain equipment and assets. While the antitrust settlement prohibited GM from manufacturing off-highway dump trucks in the United States until July 1, 1972, the manufacture of such units under the name "Terex" continued in Canada and Scotland. Accordingly, while the GM products available to BH Canada did not change as a result of the antitrust settlement, the settlement did result in the loss of

the "Euclid" brand name and this had a significant negative impact on BH Canada's sales of off-highway dump trucks. GM currently manufactures and sells the full "Terex" line in Canada, the United States, Scotland and Luxemburg.

Poclain: A diversified line of hydraulic excavators is manufactured in France by Poclain S.A., one of the world's largest manufacturers of this type of mainline equipment.

Cedarapids: The "Cedarapids" line of crushers, crushing plants, screening plants, asphalt plants and paving equipment is manufactured in the United States by the Iowa Manufacturing Company, a division of Raytheon Corporation.

RayGo: Self-propelled vibratory compactors are manufactured by RayGo, Inc. in the United States.

Eagle: A wide range of equipment for classifying sand and stone is manufactured by the Eagle Iron Works Company in the United States.

The distributorship rights in respect of eastern Canada for the products noted above were obtained over the past 19 years as follows:

	Year Distributorship Rights Obtained		
Product Line	Ontario	Quebec	Atlantic Provinces
Terex	1956	1972	1969
Poclain	1968	1968	1968
Cedarapids	1954	1954	1956
RayGo	1967	1967	1967
Eagle	1954	1954	1956

BH Canada holds additional distribution rights for a number of mainline equipment product lines for certain specific geographic areas within eastern Canada. These products and their manufacturers include motor graders manufactured by the Dominion Road Machinery Company, diesel engines manufactured by the Murphy Diesel Co., material handling equipment and sanitary landfill compactors manufactured by RayGo Wagner Inc. and conveyers, screening plants, radial stackers and cone crushers manufactured by Mulder (Canada) Ltd. BH Canada owns 35% of the shares of Mulder (Canada) Ltd.

During the past five years, BH Canada, by obtaining additional franchises and purchasing certain businesses, has substantially broadened its mainline equipment product lines in order to open up new markets and expand services to existing markets. The criteria for these acquisitions are that they complement existing product lines and place BH Canada in a position to achieve increased market penetration.

While distributorship agreements for mainline equipment are usually cancellable by either party on short notice, there have been few cancellations by manufacturers during the course of the growth and development of BH Canada.

BH Canada accepts trade-ins of used mainline equipment and reconditions such equipment for re-sale, and provides its customers with various methods of financing through equipment rental, rental-option, lease and term purchase programs.

Light Equipment

BH Canada is engaged in the rental of various types of light equipment to the construction industry. The type of equipment rented includes fork-lift trucks, a full range of compactors, air compressors, electric generators, heaters, hoists, jacks, scaffolding, water pumps, concrete handling equipment and a variety of electrical tools and equipment. BH Canada also sells certain of this equipment, such sales being an adjunct to the basic rental operation.

The rental business is carried on by a wholly-owned subsidiary, Suntract Rentals Limited, through a number of independently organized branches, some of which are in premises shared with mainline equipment branches. Each rental branch has its own inventory of equipment but, when the need arises, inventories are transferred on short notice between the various branches. The rental operation is one of the fastest growing segments of BH Canada's operations.

Supplies

BH Canada formed a new division in 1972 for the distribution of construction supplies, tools and accessories through its existing network of sales and rental outlets. In addition, sales are made to unaffiliated operators of sales and rental outlets, principally in locations where no outlets have been established by BH Canada. This division sells a wide range of construction supplies, the most important of which are generator units, contractors' electrical tools, earth compactors, concrete vibrators, air and water hoses, contractors' fibreglass tarpaulins, hydraulic pavement breakers, masonry tools, concrete hardware and wire rope. The supplies sold through the rental branches of BH Canada complement the light equipment rental operation and thereby provide customers with a one-stop shopping facility.

Purchases of supplies made by this division are generally made in large enough quantities to qualify for favorable manufacturers' volume discounts. Such discounts are usually not obtained by operators of individual sales and rental outlets making smaller purchases.

The activities of the supplies division are presently in the early stages of development. Management anticipates that this division will become a growing source of earnings as its volume of business develops.

Parts and Repair Services

An essential element in BH Canada's marketing strategy is to provide full and prompt servicing along with a high level of parts availability for all products distributed. Efficient parts inventory management is achieved through computerized systems designed to produce a high level of availability and maximum utilization of inventory. BH Canada services the machine population of its products by employing well trained and experienced personnel who are familiar with the equipment. As noted below under "Branch Network", each branch is fully equipped to provide a complete range of parts and service facilities. In addition, approximately 80 sales and service representatives tour their respective areas giving on-site service and this is supplemented by the provision of parts inventories on certain sites remote from a branch.

As indicated under "Management and Employees", more than one-half of BH Canada's employees are engaged in the parts and service functions. BH Canada believes that its success is in large measure attributable to the emphasis that it has placed on this aspect of the business.

Branch Network

BH Canada distributes and services mainline equipment through 13 branches located in eastern Canada. The branches are located in Metropolitan Toronto, London, Ottawa, Sudbury and Thunder Bay in Ontario; Metropolitan Montreal, Quebec City, Matagami, Thetford Mines and Sept-Îles in Quebec; Moncton, New Brunswick; Dartmouth, Nova Scotia; and St. John's, Newfoundland. In addition to the normal selling functions, each branch is fully equipped to provide a complete range of parts and repair services.

Rental equipment is distributed and serviced through 27 branches, of which 15 are located in Ontario, five are located in Quebec and seven are located in the Atlantic Provinces. Eleven of these rental branches share premises with mainline equipment branches.

Financing of Operations

BH Canada finances its inventory of mainline equipment and parts and its rental fleet largely through bank borrowings and equipment financing plans made available through manufacturers and finance companies (trade notes payable). The table below indicates the amount of financing provided by each type of lender as at the end of each of the last two fiscal periods:

	Outstanding as at December 31, 1971	Outstanding as at December 31, 1972	Range of effective interest rates during the fiscal year ended December 31, 1972
Current bank loans.................	$ 8,561,000	$ 9,684,000	6½%–7½%
Term bank loans...................	640,000	3,000,000	5¼%–7½%
Trade notes payable			
—manufacturers and their financing affiliates.....................	15,445,000	23,093,000	6%–10½%
—other finance companies.........	1,670,000	1,123,000	7¾%–9%
Total............................	$26,316,000	$36,900,000	

In November 1972, the Company enhanced its working capital position by arranging for a term bank loan of $3,000,000 at an interest rate which is currently 7½%. This term loan is repayable over the five years 1975 to 1979 and is secured by the guarantee of Blackwood Hodge U.K.

As noted under "Use of Proceeds", $3,437,000 of the estimated net proceeds to be received from the sale of the Class A Shares offered hereby will be utilized initially to reduce bank indebtedness. However, these funds eventually will enable BH Canada to rely less on trade notes payable as a source of funds for the financing of its inventory and rental fleet purchases and consequently will enable it to effect further savings in interest costs.

Market Position

All-inclusive market statistics are not available for the equipment and parts which BH Canada distributes, and therefore an accurate estimate of BH Canada's market position cannot be made. However, in terms of total revenue, BH Canada believes its operations to be the second largest in each of the three geographic areas in which it carries on business but that its aggregate share of the market in these areas would not have exceeded 10% in 1972. This market position has been achieved through carefully selected product lines, an aggressive marketing strategy, flexible financing arrangements, the capacity to accept and market trade-ins, and dependable parts and repair services and representation throughout eastern Canada. In the opinion of management, these features of BH Canada's operations will enable it to continue to expand its market share in the future.

Management and Employees

Control of finance, accounting and data processing is centralized in the Company's head office in Metropolitan Toronto. The Company has a major in-house computer installation which produces comprehensive management information reports on virtually all phases of operations. Such reports include information and analytical data pertaining to inventory control, budgetary control, working capital management and the accounting function. Control of credit, inventories, hiring, personnel training, advertising and public relations is decentralized with authority in these areas being vested in area, division and branch managers. Day-to-day operating decisions are the responsibility of three general managers, appointed for each of the Ontario, Quebec and Atlantic Province areas, who operate through their respective division and branch managers.

A five-man committee of senior management is responsible for formulating long-term planning and for co-ordinating the implementation of Company policy. The average age of this group is 52 years and they have an average of 19 years' experience with BH Canada and/or Blackwood Hodge U.K.

BH Canada has over 700 employees in eastern Canada of whom nearly 400 are licensed mechanics, partsmen and apprentices, approximately 80 are sales personnel and the remainder operate in administrative and other areas.

Properties

BH Canada owns 8.6 acres of industrial land at 10 Suntract Road, Weston where its head office and Toronto branch buildings are located. At this site, BH Canada occupies three buildings containing 13,400 square feet of air-conditioned office space and 38,240 square feet of repair shop and parts warehouse space.

BH Canada also owns the land and buildings on which ten of its other branches selling mainline equipment and parts are located. These buildings occupy an aggregate of 34.9 acres of land and provide, in the aggregate, 163,900 square feet of office, repair shop and parts warehouse space. All of such branches fully utilize their existing facilities, but four of the branches own sufficient land to allow for major building expansion. Two mainline equipment branches are in leased premises and of the 27 branches handling light equipment rentals, 11 are located

in premises shared with mainline equipment branches and 16 are located in premises leased on a short-term basis from third parties.

Certain properties of the Company are subject to the mortgages referred to under "Consolidated Capitalization".

CONSOLIDATED CAPITALIZATION

	Authorized or to be authorized	Outstanding as at December 31, 1972	Outstanding as at February 28, 1973	Outstanding as at February 28, 1973 after giving effect to this financing (1)
INDEBTEDNESS				
Company				
Current bank loans (2)	—	$9,404,000	$10,481,000	$7,044,000
Term bank loan (3)	$3,000,000	3,000,000	3,000,000	3,000,000
Loans payable to parent and affiliated companies (4)	—	2,084,000	2,966,000	2,966,000
Sundry indebtedness (5)	—	215,000	215,000	215,000
Subsidiaries				
Current bank loans	—	280,000	271,000	271,000
Trade notes payable (6)	—	24,216,000	24,484,000	24,484,000
Mortgages payable (7)	—	1,049,000	1,036,000	1,036,000
Loans payable to affiliated companies (4)	—	589,000	—	—
CAPITAL STOCK (1)				
6% non-cumulative redeemable preferred shares of the par value of $100 each	20,000 shs.	10,000 shs. ($1,000,000)	10,000 shs. ($1,000,000)	—
Common shares without nominal or par value (8)	1,000,000 shs.	1,000,000 shs. ($1,000,000)	1,000,000 shs. ($1,000,000)	—
Class A Convertible Common Shares without par value (8) (9)	3,500,000 shs.	—	—	2,400,000 shs. ($5,512,000)
Class B Convertible Common Shares without par value	3,500,000 shs.	—	—	—

NOTES:

(1) By supplementary letters patent dated March 22, 1973, among other things, 10,000 of the Company's unissued preferred shares were cancelled, the Company's 1,000,000 outstanding common shares were subdivided on a 1.8-for-1 basis and redesignated as Class A Shares and an additional 1,700,000 Class A Shares and 3,500,000 Class B Shares were authorized. The last column of this table reflects receipt of the said supplementary letters patent. As stated under "Use of Proceeds", the 10,000 issued preferred shares are to be redeemed at par from the net proceeds of this issue.

(2) Current bank loans are secured by assignments of accounts receivable and are guaranteed by Blackwood Hodge U.K. as to $4,000,000 and bear interest at a rate of 1% over the bank's prime rate; the interest rate on such loans was 7% at December 31, 1972.

(3) The term bank loan of $3,000,000 is repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979 and is guaranteed by Blackwood Hodge U.K. This loan bears interest at a rate 1% over the bank's prime rate; the interest rate on this loan was 7% at December 31, 1972.

(4) Loans payable include $434,000 payable to the parent company and $1,977,000 payable to affiliated companies. These loans bear interest at 8% and 9%, respectively. The balance is a non-interest bearing loan from an affiliated company. These loans have no fixed maturity dates.

(5) Sundry indebtedness consists of amounts payable to vendor-shareholders of a subsidiary company and is non-interest bearing.

(6) Trade notes payable of $24,216,000 at December 31, 1972 include notes amounting to $18,478,000 which are secured by liens on specific items in the equipment inventory or the assignment of security for instalment receivables due from customers and are also guaranteed by Blackwood Hodge U.K. as to $6,000,000 thereof. These notes payable bear interest at rates ranging from 7% to 9% and are payable within 1 to 48 months.

(7) Mortgages payable are secured by mortgages of various properties in Ontario, Quebec and the Atlantic Provinces.These mortgages bear interest at rates ranging from 7% to 10½% and are repayable within 1 to 14 years.

(8) In addition to the paid-up capital shown in this table, the Company had consolidated retained earnings of $7,659,000 at December 31, 1972.

(9) Reference is made to "Options to Purchase Shares".

(10) Reference is made to note 14 to the financial statements for details of the obligations of BH Canada under leases.

USE OF PROCEEDS

The estimated net proceeds to the Company from the sale of the 600,000 Class A Shares offered by this prospectus, after deducting expenses of issue estimated at $75,000, will be $4,437,000 of which $1,000,000 will be used to redeem the Company's 6% non-cumulative redeemable preferred shares of the par value of $100 each (the "Preferred Shares") and the balance of $3,437,000 will be used to finance future purchases of inventory and, until required for this purpose, will be used to reduce bank indebtedness incurred for operating requirements. The Company's Preferred Shares are being redeemed because dividends on these shares would rank prior to dividends on the Company's Class A Shares and Class B Shares and have an effective before tax cost of approximately 12% since dividends are not deductible by the Company for tax purposes. Reference is made to "Financing of Operations" for a description of the borrowing activity of BH Canada.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated April 24, 1973, between the Company and McLeod, Young, Weir & Company Limited and Fry Mills Spence Limited (the "Underwriters"), the Company has agreed to sell and the underwriters have agreed to purchase on May 15, 1973 but not later than May 18, 1973, all but not less than all of the Class A Shares offered by this prospectus, at a price of $7.52 per share, payable in cash to the Company against delivery of certificates. The obligations of the Underwriters under such agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events or the non-fulfillment of certain stated obligations.

DESCRIPTION OF SHARES

By supplementary letters patent dated November 9, 1960, the 700,000 authorized shares without nominal or par value of the Company were classified as common shares without nominal or par value, a further 300,000 such shares were created, and 20,000 Preferred Shares were created. By supplementary letters patent dated March 22, 1973, among other things, the Company's share capital was altered by cancelling 10,000 authorized but unissued Preferred Shares, by subdividing the authorized and issued common shares on a 1.8-for-1 basis and redesignating them as Class A Shares and by increasing capital by the creation of 1,700,000 additional Class A Shares and 3,500,000 new Class B Shares.

Each Class A Share is convertible at any time at the option of the holder into one Class B Share and each Class B Share is convertible at any time at the option of the holder into one Class A Share. The holders of Class A Shares and Class B Shares are entitled at all meetings of shareholders to one vote for each share held. Subject to the provisions permitting special tax-exempt dividends on the Class B Shares as outlined below, all Class A Shares and Class B Shares rank equally in respect of dividend rights, upon a winding-up or dissolution of the Company and in all other respects. The outstanding Class A Shares are fully paid and non-assessable and the Class A Shares offered by this prospectus will be issued as fully paid and non-assessable shares. The holders of the Class A Shares and Class B Shares of the Company as such have no pre-emptive or subscription rights.

The Company has created the inter-convertible Class A Shares and Class B Shares to enable shareholders to receive the possible tax advantages outlined below.

Class A Shares—Ordinary Dividends

The holders of Class A Shares will be entitled to receive ordinary dividends when declared by the board of directors of the Company. Individuals resident in Canada receiving such dividends will be required to include the same in income, subject to the application of the dividend gross-up and tax credit provisions contained in the new income tax laws of Canada. Under such income tax laws, special rules apply to shareholders who are not individuals resident in Canada, such as public and private corporations, tax-exempt institutions and non-residents.

Class B Shares—Tax-exempt Dividends

In the case of the Class B Shares, the board of directors of the Company has the right to provide for the payment of dividends out of either "tax-paid undistributed surplus on hand" or "1971 capital surplus on hand". To create tax-paid undistributed surplus on hand the Company must pay a tax of 15% on its "1971 undistributed income on hand". No tax is payable by the Company in order to create 1971 capital surplus on hand. The above-quoted terms have technical meanings which are defined in the Income Tax Act (Canada).

Under the new income tax laws, dividends paid on the Class B Shares out of either tax-paid undistributed surplus on hand or 1971 capital surplus on hand will be free from tax on receipt by the shareholders. However, such dividends will result in a reduction of the shareholders' adjusted cost base of such shares for capital gains tax purposes and this may have the effect of increasing the gain or decreasing the loss realized on any subsequent disposal or deemed disposal of such shares. Thus, although no income tax is payable by shareholders at the time tax-exempt dividends are received, a potential liability for future tax may be created.

Since holders of Class A Shares and Class B Shares are entitled to participate equally share-for-share in any dividends paid on such shares, a tax-exempt dividend on the Class B Shares paid out of tax-paid undistributed surplus on hand will amount to 85% of an ordinary dividend paid on the Class A Shares.

Whether or not tax-exempt dividends on the Class B Shares will be paid will be in the discretion of the directors, and in any event, only ordinary dividends will be paid on the Class B Shares once 1971 undistributed income on hand, tax-paid undistributed surplus on hand and 1971 capital surplus on hand have been exhausted.

Conversion

From the shareholders' income tax point of view, dividends paid out of either tax-paid undistributed surplus on hand or 1971 capital surplus on hand will be more advantageous than ordinary dividends to some shareholders than to others, depending on their tax status and marginal tax rates. The inter-convertibility of the Class A Shares and the Class B Shares will allow each shareholder to determine from time to time whether it is more advantageous to hold Class A Shares or Class B Shares based upon his particular circumstances. Each shareholder who is an individual resident in Canada will have to compare the consequences of receiving a taxable dividend on the Class A Shares subject to the dividend gross-up and tax credit provisions of the income tax laws as against the consequences of receiving a tax-exempt dividend on the Class B Shares with the resultant reduction of the adjusted cost base of such shares. The Class A Shares and the Class B Shares are by their terms freely inter-convertible at any time and as often as the holders wish.

Under present income tax laws, a conversion of Class A Shares into Class B Shares or vice versa is deemed not to be a disposition for capital gains tax purposes and the adjusted cost base of the shares acquired on conversion will be equal to the adjusted cost base of the shares that are converted.

Preferred Shares

The Class A Shares and Class B Shares rank after the Company's Preferred Shares. However, all of the outstanding Preferred Shares are to be redeemed out of the net proceeds of this issue and such shares may not be re-issued and, as stated above, the remaining authorized but unissued Preferred Shares were cancelled by the supplementary letters patent dated March 22, 1973.

NET TANGIBLE ASSETS PER SHARE

According to the accompanying pro forma consolidated balance sheet of BH Canada as at December 31, 1972, net tangible assets per Class A Share after giving effect to this financing will be approximately $5.84. This net tangible asset value is $2.16 less than the offering price.

DIVIDEND POLICY

No dividends have been paid by the Company during its last five completed financial years. In the future, payment of dividends by the Company will be determined from time to time by the board of directors on the basis of then prevailing financial circumstances, earnings, working capital requirements and other relevant factors. Prior to the record date for the payment of the Company's first dividend on the Class A Shares and Class B Shares, the Company will communicate with shareholders in order to assist them in their determination as to whether they should hold Class A Shares or Class B Shares. Reference is made to "Class A Shares—Ordinary Dividends" and "Class B Shares—Tax-exempt Dividends".

DIRECTORS AND OFFICERS

The names and home addresses of the directors and officers of the Company and their principal occupations are as follows:

Name and address	Position or office held with the Company	Principal occupation
WILLIAM ARTHUR SHAPLAND, Colford Lodge, 44 Beech Drive, East Finchley, London N 2, England.	Chairman of the Board and Director	Chairman of the Board, Blackwood Hodge U.K.
ADRIAN WORDSWORTH EDWARDS, 31 N. Sherbourne Street, Toronto, Ontario.	President and Director	President of the Company
FRANK JAMES KING, 29 Uplands Avenue, Thornhill, Ontario.	Director	Vice-President and General Manager, Blackwood Hodge Ontario Limited
RICHARD THACKER, 31 East Gablescourt, Beaconsfield, Quebec.	Director	Vice-President and General Manager, Blackwood Hodge Quebec Ltd.
JAMES GRAYSON TORRANCE, Q.C., 100 North Drive, Islington, Ontario.	Director	Barrister and Solicitor Partner, Smith, Lyons, Torrance, Stevenson & Mayer
NORMAN EDWIN WARRY, 396 Wedgewood Drive, Oakville, Ontario.	Secretary-Treasurer	Secretary-Treasurer of the Company

All of the directors and officers have carried on the principal occupations listed above for the preceding five years, except that prior to his election as President in May, 1971, Mr. Edwards was Executive Vice-President of the Company. Mr. Edwards is also a director of Blackwood Hodge U.K.

Remuneration

The aggregate direct remuneration paid by the Company and its subsidiaries to the directors and senior officers of the Company was $281,540 for the fiscal year ended December 31, 1972 and $29,917 for the two months ended February 28, 1973.

The estimated aggregate cost to the Company and its subsidiaries for the fiscal year ended December 31, 1972 of all pension benefits proposed to be paid, directly or indirectly, by the Company and its subsidiaries to the directors and senior officers of the Company under the Company's pension plan in the event of retirement at normal retirement age was $2,710. Consideration is currently being given to increasing pension benefits.

PRINCIPAL SHAREHOLDER

The following table sets forth as at March 22, 1973 the holdings of the only person or company owning directly or indirectly, beneficially or of record, more than 10% of either the Class A Shares or the Preferred Shares of the Company.

Name and address of holder	Designation of shares	Type of ownership	Number of shares	Percentage of Class: As at March 22, 1973	Percentage of Class: After completion of this financing
Blackwood Hodge Limited, 25 Berkeley Square, London W1, England.	Class A Shares	Indirect and beneficial	1,800,000	100%	75%
	Preferred Shares	Indirect and beneficial	10,000	100%	—

The registered holder of the Preferred Shares and of the Class A Shares, except for directors' qualifying shares, is Blackwood Hodge Overseas Holdings Limited, a wholly-owned subsidiary of Blackwood Hodge U.K. The directors and senior officers of the Company beneficially own approximately 53,000 equity shares of Blackwood Hodge U.K., being approximately 0.3% of its outstanding shares.

OPTIONS TO PURCHASE SHARES

The Company has established an employee stock option plan and has reserved a maximum of 100,000 unissued Class A Shares for issuance thereunder upon the exercise of stock options granted to bona fide full-time officers and employees of BH Canada. The directors have under the plan authorized the granting of options to purchase 49,250 Class A Shares at the price of $7.20 per share. Such options are to expire on March 31, 1978 and are exercisable on a cumulative basis as to 20% thereof by each optionee during each of the five years over which the options extend. No option may be exercised prior to the end of six months following the granting thereof. The options provide for their earlier termination in the event that the employment of the optionee ceases prior to the exercise of the option. The persons to whom options have been granted include four directors and senior officers of the Company for a total of 10,500 Class A Shares, 15 directors and senior officers of subsidiaries for a total of 18,000 Class A Shares and 32 other employees of subsidiaries for a total of 20,750 Class A Shares. Options to purchase the remaining 50,750 Class A Shares reserved under the plan may be granted from time to time at the discretion of the board of directors on similar terms but at prices not less than 90% of the market price of Class A Shares at the time of granting such options.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Prior to this financing and in connection with the sale by the Company of its non-Canadian interests, the Company under agreements dated September 30, 1972 purchased from its then 90% owned subsidiary, Suntract Holdings Limited, and from three directors and officers of the Company or its subsidiaries, all of the outstanding shares of Suntract Manufacturing Limited for $300,000, which price was based upon an independent evaluation made by the Company's auditors. The three directors and officers involved in this transaction were Messrs. F. J. King, 29 Uplands Avenue, Thornhill, Ontario, who received $15,000, R. Thacker, 31 East Gablescourt, Beaconsfield, Quebec, who received $7,500 and G. W. H. Lutz, Schooner Cove, Head of St. Margaret's Bay, Halifax County, Nova Scotia, who received $7,500.

After completing the foregoing purchase the Company, under an agreement made in November, 1972, sold to Suntract International Limited, Box 38, Toronto-Dominion Centre, Toronto, Ontario, a wholly-owned subsidiary of Blackwood Hodge Overseas Holdings Limited, the 90% of the outstanding shares of Suntract Holdings Limited owned by the Company for $1,350,000, satisfied by the issuance to the Company of $1,350,000 aggregate par value of 7½% preference shares of Suntract International Limited, which price was again based upon an independent evaluation made by the Company's auditors. The remaining 10% of the outstanding shares of Suntract Holdings Limited were and are owned by Mr. A. W. Edwards who acquired the same upon incorporation in 1970.

The result of the foregoing two transactions was that Suntract Manufacturing Limited which carries on business in Canada was retained by BH Canada whereas Suntract Holdings Limited was disposed of in connection with the sale by BH Canada of its non-Canadian interests.

Other than as set out above, no material transactions have taken place within a period of three years prior to the date of this prospectus or are proposed, in which any director or senior officer of the Company or its subsidiaries or Blackwood Hodge U.K. or any associate or affiliate of any of the foregoing persons or companies has had or will have a material interest, direct or indirect.

MATERIAL CONTRACTS

Particulars of material contracts entered into by the Company or its subsidiaries within the past two years, other than contracts in the ordinary course of business, are as follows:

(a) An agreement dated March 4, 1971 between the Company and Robert Fowler and John Reid providing for the purchase by the Company of all the issued and outstanding shares of Craftway Equipment Limited.

(b) An agreement dated August 31, 1971 between North Eastern Terex Distributors (1969) Ltd. and Eugo Limitée, T. G. Godsall, Godsall Holdings Limited and the Company, providing for the purchase by the Company of the property and assets of each of the first two mentioned companies.

(c) The agreements dated September 30, 1972 between the Company and each of Messrs. King, Thacker and Lutz and the agreement dated September 30, 1972 between the Company and Suntract Holdings Limited under which the Company purchased the outstanding shares of Suntract Manufacturing Limited, which agreements are described under "Interest of Management and Others in Material Transactions".

(d) The agreement made in November, 1972 between the Company and Suntract International Limited under which the Company sold its 90% interest in Suntract Holdings Limited. Reference is made to "Interest of Management and Others in Material Transactions".

(e) An agreement dated November 3, 1972 between the Company and a Canadian chartered bank under which the Company borrowed $3,000,000 from such bank at an interest rate of 1% above the bank's prime rate, repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979.

(f) An agreement dated October 31, 1972, between the Company and Alcoa Properties, Inc. under which the Company sold to Alcoa Properties, Inc. all of the shares of Orion-New York, Inc. as part of the disposal by the Company of its non-Canadian interests.

(g) The agreement dated April 24, 1973 between the Company and the Underwriters referred to under "Plan of Distribution".

Copies of the foregoing contracts may be inspected during ordinary business hours at the head office of the Company during the period of distribution to the public of the securities offered hereby and for a period of 30 days thereafter.

AUDITORS

The auditors of the Company are Deloitte, Haskins & Sells, Chartered Accountants, 3200 Royal Trust Tower, Toronto, Ontario.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the Class A Shares and Class B Shares of the Company is National Trust Company, Limited at its principal offices in the cities of Vancouver, Calgary, Regina, Winnipeg, Toronto and Montreal.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES

(formerly J. B. H. Holdings Ltd.)

Consolidated and Pro Forma Consolidated Balance Sheets as at December 31, 1972 ($000)

Assets	Consolidated	Pro Forma Consolidated (Note 2)
CURRENT ASSETS:		
Cash	$ 122	$ 122
Accounts receivable	17,100	17,100
Due from affiliated companies	555	555
Inventories (Note 3)	22,858	22,858
Total current assets	40,635	40,635
INSTALMENT RECEIVABLES—less $5,448 due within one year and included in accounts receivable	4,570	4,570
INVESTMENTS—at cost (Note 11)	1,506	1,506
PROPERTY, PLANT AND EQUIPMENT (Note 4)	14,483	14,483
EXCESS OF COST OF SUBSIDIARIES OVER NET ASSETS AT DATES OF ACQUISITION	210	210
TOTAL	$61,404	$61,404

Liabilities and Shareholders' Equity

CURRENT LIABILITIES:		
Bank indebtedness (Note 5)	$10,350	$ 6,913
Accounts payable and accrued charges	22,421	22,421
Income and other taxes	558	558
Due to affiliated companies	552	552
Deferred income taxes (Note 7)	1,990	1,990
Total current liabilities	35,871	32,434
TRADE NOTES PAYABLE—less $17,416 due within one year and included in accounts payable and accrued charges (Note 6)	6,800	6,800
LONG-TERM DEBT (Note 8)	6,697	6,697
DEFERRED INCOME TAXES (Note 7)	1,256	1,256
SHAREHOLDERS' EQUITY:		
Capital stock (Note 9)	2,000	5,512
Excess of appraised value of land and buildings over depreciated value (Note 4)	1,121	1,121
Retained earnings	7,659	7,584
Total shareholders' equity	10,780	14,217
TOTAL	$61,404	$61,404

Approved by the Board of Directors:

(Signed) A. W. EDWARDS, Director

(Signed) J. G. TORRANCE, Director

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Consolidated Statement of Income
($000)

	Year ended October 31, 1968	Year ended October 31, 1969	Year ended October 31, 1970	Fourteen months ended December 31, 1971	Year ended December 31, 1972
NET SALES AND RENTALS	$29,502	$35,638	$36,143	$50,068	$55,923
COST OF SALES AND RENTALS AND EXPENSES	27,564	33,245	33,518	46,423	51,971
INCOME FROM OPERATIONS	1,938	2,393	2,625	3,645	3,952
INTEREST INCOME ON INSTALMENT RECEIVABLES	301	431	524	1,265	1,193
INCOME BEFORE INTEREST CHARGES	2,239	2,824	3,149	4,910	5,145
INTEREST CHARGES ON—					
Trade notes payable and current bank loans	980	1,091	1,527	1,816	1,980
Long-term debt	229	263	180	272	180
Total interest charges	1,209	1,354	1,707	2,088	2,160
INCOME FROM CONTINUING OPERATIONS	1,030	1,470	1,442	2,822	2,985
Provision for income taxes (Note 7)	539	748	795	1,480	1,380
NET INCOME FROM CONTINUING OPERATIONS	491	722	647	1,342	1,605
Non-recurring charges net of income taxes (Note 10)	410	92	80	118	18
NET INCOME BEFORE EXTRAORDINARY ITEM	81	630	567	1,224	1,587
EXTRAORDINARY ITEM:					
Gain on sale of subsidiaries (Note 11)	—	—	—	—	1,266
NET INCOME FOR THE PERIOD	$ 81	$ 630	$ 567	$ 1,224	$ 2,853
EARNINGS PER SHARE (Note 12):					
Before subdivision:					
From continuing operations	$ .49	$ .72	$ .65	$1.34	$1.60
Before extraordinary item	.08	.63	.57	1.22	1.59
After extraordinary item	.08	.63	.57	1.22	2.85
After subdivision:					
From continuing operations	.27	.40	.36	.75	.89

Consolidated Statement of Retained Earnings
($000)

BALANCE AT BEGINNING OF THE PERIOD	$ 2,304	$ 2,385	$ 3,015	$ 3,582	$ 4,806
NET INCOME FOR THE PERIOD	81	630	567	1,224	2,853
BALANCE AT END OF THE PERIOD	$ 2,385	$ 3,015	$ 3,582	$ 4,806	$ 7,659

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Consolidated Statement of Source and Application of Funds
($000)

	Year ended October 31, 1968	Year ended October 31, 1969	Year ended October 31, 1970	Fourteen months ended December 31, 1971	Year ended December 31, 1972
SOURCE OF FUNDS:					
Net income from continuing operations..	$ 491	$ 722	$ 647	$ 1,342	$ 1,605
Add:					
Depreciation.....................	636	756	722	1,478	1,908
Deferred income taxes.............	(12)	303	162	225	583
Funds provided from continuing operations....................	1,115	1,781	1,531	3,045	4,096
Disposals of property, plant and equipment......................	1,559	1,419	1,141	1,826	2,716
Increase (decrease) in long-term debt....	64	(12)	(26)	52	3,339
Increase (decrease) in trade notes payable.........................	(554)	1,001	1,563	433	2,918
Total funds provided from continuing operations..........	2,184	4,189	4,209	5,356	13,069
APPLICATION OF FUNDS:					
Additions to property, plant and equipment......................	2,387	2,943	2,805	6,549	8,423
Increase (decrease) in instalment receivables......................	(325)	980	633	435	1,376
Increase in investments...............	91	65	—	—	1,350
Excess of cost of subsidiaries over net assets acquired	—	—	—	101	160
Total funds applied to continuing operations..................	2,153	3,988	3,438	7,085	11,309
INCREASE (DECREASE) IN WORKING CAPITAL FROM CONTINUING OPERATIONS.........	31	201	771	(1,729)	1,760
WORKING CAPITAL PROVIDED FROM (APPLIED TO) DISCONTINUED OPERATIONS.	(89)	(88)	(118)	(587)	224
WORKING CAPITAL PROVIDED FROM EXTRA-ORDINARY ITEM......................	—	—	—	—	1,528
INCREASE (DECREASE) IN WORKING CAPITAL FOR THE PERIOD....................	(58)	113	653	(2,316)	3,512
WORKING CAPITAL AT BEGINNING OF THE PERIOD..........................	2,860	2,802	2,915	3,568	1,252
WORKING CAPITAL AT END OF THE PERIOD...	$ 2,802	$ 2,915	$ 3,568	$ 1,252	$ 4,764

The accompanying notes are an integral part of the financial statements.

BLACKWOOD HODGE (CANADA) LIMITED AND SUBSIDIARIES
(formerly J. B. H. Holdings Ltd.)

Notes to Consolidated Financial Statements

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and all subsidiaries, consolidated on a purchase-acquisition basis with all material inter-company balances and transactions having been eliminated.

The following companies are the active subsidiaries of the company:

Blackwood Hodge Ontario Limited (formerly Blackwood Hodge Equipment Ltd.)
Blackwood Hodge Ontario Sales Limited (formerly Blackwood Hodge Canada Ltd.)
Blackwood Hodge Quebec Ltd.
Blackwood Hodge Quebec Sales Ltd.
Blackwood Hodge Atlantic Limited
Blackwood Hodge Atlantic Sales Limited
Suntract Rentals Limited
Suntract Manufacturing Limited

Transactions in foreign currencies have been translated into Canadian dollars at rates prevailing at the time of the transactions, except that current assets and current liabilities have been translated at the quoted rates of exchange at the end of each financial period.

2. PRO FORMA CONSOLIDATED BALANCE SHEET

The pro forma consolidated balance sheet gives effect as of December 31, 1972 to the following transactions:

(a) the receipt of supplementary letters patent dated March 22, 1973 which:
   (i) changed the company's name to Blackwood Hodge (Canada) Limited;
   (ii) converted the company from a private to a public company;
   (iii) subdivided and redesignated the authorized and issued common shares on a 1.8-for-1 basis resulting in 1,800,000 Class A convertible common shares without par value;
   (iv) created an additional 1,700,000 Class A convertible common shares without par value and 3,500,000 Class B convertible common shares without par value; and
   (v) cancelled 10,000 authorized but unissued preferred shares of the par value of $100 each;

(b) the issue of 600,000 Class A convertible common shares for $4,512,000 and the reduction of retained earnings by the amount of the estimated expenses of $75,000;

(c) the application of the net proceeds of the issue of the 600,000 Class A convertible common shares as follows:
   (i) $1,000,000 to redeem the outstanding 10,000 preferred shares; and
   (ii) the balance of $3,437,000 to reduce bank indebtedness;

(d) the reservation of 100,000 unissued Class A convertible common shares in connection with an employee stock option plan.

3. INVENTORIES

The major categories of inventories are as follows:

Equipment	$15,091,000
Parts and supplies	7,767,000
	$22,858,000

Inventories are recorded at the lower of cost and net realizable value. Cost is on a specific item actual cost basis for equipment and a first-in, first-out basis for parts and supplies.

4. PROPERTY, PLANT AND EQUIPMENT

The major portion of land and buildings is recorded at its going-concern value, based on appraisals made by Bosley Associates as of October 31, 1970, with subsequent additions recorded at cost. The excess of appraised value of land and buildings over depreciated value at that date amounted to $1,156,000. The excess relating to assets still on hand at December 31, 1972 amounts to $1,121,000 and is included in shareholders' equity. Of this amount, $674,000 may not be distributed until 1975.

The remaining land, buildings, automobiles, equipment and franchise rental fleet are recorded at cost.

The major categories of property, plant and equipment and the accumulated depreciation are as follows:

		Depreciation Rates
Land	$ 1,596,000	—
Buildings	3,591,000	2½%
Automobiles and equipment	1,807,000	10%–20%
Franchise rental fleet	12,057,000	20%–30%
	19,051,000	
Less accumulated depreciation	4,568,000	
	$14,483,000	

Depreciation is calculated to amortize the cost or appraised value of assets over their estimated useful lives on a straight-line basis at the rates shown above.

Effective January 1, 1972 the company changed its method of providing for depreciation of its franchise rental fleet from a policy which commenced recording depreciation in the month of acquisition to one which commences in the month of first rental providing the equipment has not been on hand for more than one season, which approximates 3 months. As the company orders equipment up to 3 months in advance of its seasonal needs, this policy change was made recognizing that a continuation of the previous policy would have burdened current earnings with the depreciation of new unrented equipment acquired in anticipation of such seasonal demands. If the previous depreciation policy had been continued for the year ended December 31, 1972, net income from continuing operations would have been lower by approximately $130,000.

5. Bank Indebtedness

Bank indebtedness consists of:

Current bank loans	$ 9,684,000
Current account overdrafts	666,000
	$10,350,000

Bank loans of $9,404,000 are secured by assignments of accounts receivable and are guaranteed as to $4,000,000 by Blackwood Hodge Limited, the parent company, and bear interest at a rate of 1% over the bank's prime rate; the interest rate on such loans was 7% at December 31, 1972.

6. Trade Notes Payable

Trade notes payable of $24,216,000 include notes amounting to $18,478,000 which are secured by liens on specific items in the equipment inventory or the assignment of security for instalment receivables due from customers and are also guaranteed by Blackwood Hodge Limited as to $6,000,000 thereof. Trade notes payable bear interest at rates ranging from 7% to 9% and are payable within 1 to 48 months.

7. Income Taxes

The company claims capital cost allowance for income tax purposes on rental equipment included in inventories. The excess of capital cost allowance claimed over depreciation provided in the accounts on such equipment results in a deferral of income tax which is included in current liabilities.

The non-current portion of deferred income taxes arises principally from claiming capital cost allowance for tax purposes in excess of depreciation recorded for plant and equipment.

8. Long-Term Debt

The major categories of long-term debt are as follows:

Term bank loan	$3,000,000
Loans payable to parent and affiliated companies	2,673,000
Due to vendor-shareholders of a subsidiary company	215,000
Mortgages payable	1,049,000
	6,937,000
Less current portion included in accounts payable and accrued charges	240,000
	$6,697,000

The term bank loan of $3,000,000 is repayable as to $500,000 on December 31 in each of the years 1975, 1976 and 1977 and as to $750,000 on December 31 in each of the years 1978 and 1979 and is guaranteed by Blackwood Hodge Limited. This loan bears interest at a rate of 1% over the bank's prime rate; the interest rate on this loan was 7% at December 31, 1972.

Loans payable include $434,000 payable to the parent company and $1,977,000 payable to affiliated companies. These loans bear interest at the rates of 9% and 8% respectively. The balance is a non-interest bearing loan from an affiliated company. These loans have no fixed maturity dates.

The amount owing to vendor-shareholders of a subsidiary company is due in 2 equal instalments, without interest, on June 30, 1973 and 1974.

Mortgages payable are secured by mortgages of various properties in Ontario, Quebec, and the Atlantic Provinces. These mortgages are repayable within 1 to 14 years. The annual commitment for principal and interest over the next 3 years is approximately $160,000.

9. Capital Stock

Consolidated balance sheet:

Authorized:

20,000 6% non-cumulative, preferred shares of the par value of $100 each, redeemable at par; and

1,000,000 common shares without nominal or par value

Issued and fully paid:

10,000 preferred shares	$1,000,000
1,000,000 common shares	1,000,000
	$2,000,000

Pro forma consolidated balance sheet:

Authorized:

3,500,000 Class A convertible common shares without par value; and
3,500,000 Class B convertible common shares without par value

Issued and fully paid:

2,400,000 Class A convertible common shares	$5,512,000

Class A convertible common shares are convertible into Class B convertible common shares on a 1-for-1 basis and vice versa. 100,000 of the Class A convertible common shares have been reserved for issue under the company's employee stock option plan. Options to purchase 49,250 Class A shares at $7.20 per share have been granted.

10. NON-RECURRING CHARGES

Non-recurring charges incurred in connection with the acquisition of a new franchise and the discontinuance of certain operations in 1972 have been disclosed separately in each period, net of income taxes, in order to demonstrate net income from continuing operations.

11. SALE OF SUBSIDIARIES

During the year ended December 31, 1972 the company disposed of two subsidiaries:

(i) Orion-New York, Inc. was sold in an arm's-length transaction resulting in a gain of $298,000; and

(ii) Suntract Holdings Limited was sold to an affiliated company for $1,350,000, which price was established by an independent valuation and was satisfied by the issue to the company of $1,350,000 aggregate par value of 7½% preference shares of such affiliated company which are included in investments at their par value. The gain on this transaction amounted to $996,000, of which $28,000 relating to franchise rental fleet on hand at December 31, 1972 has been deferred.

12. EARNINGS PER SHARE

Earnings per share have been calculated both before and after the 1.8-for-1 subdivision of shares referred to in Note 2. The number of shares outstanding did not change during the five periods.

13. RESTATEMENT OF PRIOR PERIOD EARNINGS

Certain changes in the basis of applying generally accepted accounting principles were made in the annual financial statements presented to the shareholders during the periods 1968 to 1971. The earnings for these periods have been restated to reflect these changes on a retroactive basis. As a result, the earnings for the periods 1968 to 1972 presented on page 15 reflect the consistent application of generally accepted accounting principles throughout the five periods except as explained in Note 4.

14. LEASE COMMITMENTS

Various subsidiaries have entered into leases of business premises for periods expiring at various times through December, 1982. The rental cost of these premises for the year ended December 31, 1972 amounted to $189,000. The maximum annual rental cost of these premises over the next 5 years approximates $195,000.

15. CONTINGENT LIABILITIES

The company or subsidiaries are contingently liable on instalment sales contracts and customers' notes discounted amounting to $4,253,000 at December 31, 1972. The company or subsidiaries are also contingently liable for $1,210,000 on guarantees of instalment sales contracts and bills discounted by affiliated companies.

At December 31, 1972, the company was contingently liable for $2,000,000 in respect of guarantees of obligations of certain foreign affiliates. The company has subsequently been released from these guarantees.

AUDITORS' REPORT

To the Directors of
BLACKWOOD HODGE (CANADA) LIMITED
(FORMERLY J. B. H. HOLDINGS LTD.)

We have examined the consolidated balance sheet and pro forma consolidated balance sheet of Blackwood Hodge (Canada) Limited and subsidiaries as at December 31, 1972 and the consolidated statements of income, retained earnings and source and application of funds for the year ended December 31, 1972, the fourteen months ended December 31, 1971 and the three years ended October 31, 1970. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion:

(a) The accompanying consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1972;

(b) The accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1972 after giving effect to the transactions described in Note 2 to the consolidated financial statements;

(c) The accompanying consolidated statements of income, retained earnings and source and application of funds present fairly the results of the companies' operations and the source and application of their funds for the above stated periods;

all in accordance with generally accepted accounting principles applied, except for the change in depreciation method explained in Note 4 to the consolidated financial statements, with which we concur, on a consistent basis.

Toronto, Ontario
April 24, 1973

(Signed) DELOITTE, HASKINS & SELLS
CHARTERED ACCOUNTANTS

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Sections 64 and 65 of The Securities Act (Alberta), sections 70 and 71 of The Securities Act, 1967 (Saskatchewan), sections 63 and 64 of The Securities Act (Manitoba) and sections 64 and 65 of The Securities Act (Ontario) provide, in effect, that where a security is offered in the course of distribution to the public:

(a) a purchaser will not be bound by a contract for the purchase of such security if written or telegraphic notice of his intention not to be bound is received by the vendor or his agent not later than midnight on the second business day after the prospectus or amended prospectus offering such security is received or is deemed to be received by him or his agent, and

(b) a purchaser has the right to rescind a contract for the purchase of such security, while still the owner thereof, if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from the later of the date of such contract or the date on which such prospectus or amended prospectus is received or is deemed to be received by him or his agent.

Sections 61 and 62 of the Securities Act, 1967 (British Columbia) provide in effect that, where a security is offered in the course of distribution to the public,

(a) a purchaser, while the owner thereof, has the right to rescind a contract for the purchase of a security if a copy of the last prospectus together with financial statements and reports and summaries of reports relating to the securities, as filed with the British Columbia Securities Commission, was not delivered to him or his agent prior to delivery of the written confirmation of the sale of the securities to either of them. Written notice of intention to commence an action for rescission must be served on the person who contracted to sell the security within 60 days of the date of delivery of the written confirmation, but no action shall be commenced after the expiration of three months from the date of service of such notice; and

(b) a purchaser, while the owner thereof, has the right to rescind a contract for the purchase of such security if the prospectus or any amended prospectus offering such security contains an untrue statement of a material fact or omits to state a material fact necessary in order to make any statement therein not misleading in the light of the circumstances in which it was made, but no action to enforce this right can be commenced by a purchaser after the expiration of 90 days from (1) the date of such contract or (2) the date on which such prospectus or amended prospectus is received or is deemed to be received by the purchaser or his agent, whichever date is the later.

Reference is made to the aforesaid Acts for the complete texts of the provisions under which the foregoing rights are conferred and the foregoing summary is subject to the express provisions thereof.

CERTIFICATE OF THE COMPANY

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of the Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part VII of The Securities Act (Ontario), by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec) and by the respective regulations made thereunder.

DATED: April 24, 1973.

(Signed) A. W. EDWARDS
President

(Signed) N. E. WARRY
Secretary-Treasurer

On behalf of the Board of Directors

(Signed) J. G. TORRANCE
Director

(Signed) F. J. KING
Director

CERTIFICATE OF THE UNDERWRITERS

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part VII of The Securities Act, 1967 (British Columbia), by Part 7 of The Securities Act (Alberta), by Part VIII of The Securities Act, 1967 (Saskatchewan), by Part VII of The Securities Act (Manitoba), by Part VII of The Securities Act (Ontario), by Section 13 of the Securities Act (New Brunswick), under the Securities Act (Quebec) and by the respective regulations made thereunder.

DATED: April 24, 1973.

MCLEOD, YOUNG, WEIR & COMPANY LIMITED
By: (Signed) G. C. MACDONALD

FRY MILLS SPENCE LIMITED
By: (Signed) W. R. MCKEOWN

The following includes the name of every person having an interest directly or indirectly to the extent of not less than 5% in the capital of: McLeod, Young, Weir & Company Limited: J. S. Dinnick, G. C. MacDonald, C. P. Keeley, F. B. Farrill, R. M. Grills, W. J. Corcoran, L. E. Barlow, J. L. McLaughlin, A. T. L. Fraser and A. S. Brooke; Fry Mills Spence Limited: H. B. Boyer, C. F. Chasney, D. W. Clarke, A. W. Howe, R. J. Lawrence, W. L. Matthews, W. R. McKeown, J. L. Mills, W. G. Reid, G. L. Skene, W. H. A. Thorburn, D. J. Wilkins and R. K. Wright.

PRINTED IN CANADA